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NEWS SUMMARY

GENERAL

UK ready for court battle on fishing

The UK Government is prepared to challenge the EEC Commission in the European Court of Justice rather than abandon its fisheries conservation measures imposed last year.

The Commission demanded that Britain lifts its ban on herring fishing into the Mourne area off the east coast of Ireland and around the Isle of Man. It also objected to an extension of the industrial fishing ban in part of the North Sea. Back Page

EEC Farm Ministers have approved the broad outline of the Commission's proposals for this year's Farm Price Review, but agreement has still to be reached on green currencies and and MCAs. Page 39

Kruger refusal

Justice Minister Jimmy Kruger of South Africa refused to prosecute Gen. Hendrik van den Bergh, former head of the South African secret service, for contempt of a judicial commission. Page 3

Bhutto verdict

Pakistan's Supreme Court will today pronounce on the appeal against the death sentence of deposed Prime Minister Zulfikar Ali Bhutto. Page 3

Race move

Black children entered white schools in Rhodesia as race barriers were removed. The Transitional Government said it would press ahead with its plans for a limited form of majority rule, and one-man, one-vote elections in April. Parliament Page 9

Director seized

Gunmen thought to be Basque separatists seized the French director of a Michelin factory outside San Sebastian, Spain. They shot him in the knee before releasing him.

Uganda killings

Uganda soldiers were reported to have shot dead several people in Kampala, after two sabotage attacks at the weekend.

Terror charges

Twenty-four men, four of them from Ulster, appeared in court in Paisley, near Glasgow, accused of plotting to commit offences under the Prevention of Terrorism Act.

EEC talks start

Spain opened talks with the EEC aimed at achieving full membership of the Community in about 14 years. Page 29

Proll ruling

A London magistrate ruled that suspected Baader-Meinhof terrorist Astrid Proll can be extradited to West Germany. Proll can now appeal to the Court of Appeal and the House of Lords.

Postal slip

Post Office chairman Sir William Barlow said the standard of postal and telephone services "has slipped a little."

Briefly . . .

The discovery of a woman's body under a bed in a guest-house in Deal, Kent is being treated as murder.

A 21-year-old East German soldier escaped across the Communist border to West Berlin.

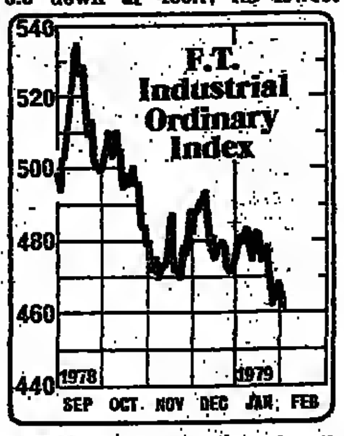
Bianca Jagger filed for a divorce from Rolling Stones singer Mick Jagger in Los Angeles.

Winner of the £100,000 prize in the Premium Bond draw is the Stockport owner of Bond number 16RB 339653. Bond number for the £25,000 prize is 19RZ 252226. The owner lives in Renfrew.

BUSINESS

Equities ease; Gilts fall 0.23

● EQUITIES eased under the influence of international and domestic events and the FT index, down 8.1 at 1 p.m., closed 6.6 down at 460.7, its lowest closing level since July 7. Mining issues responded sharply to the rises in commodity prices and the Gold Mines index rose 9.5 to 181.4.



● GILTS saw fresh selling and the Government Securities index closed 0.23 down at 65.57.

● STERLING rose 95 points to $1.9895, but its trade-weighted average fell to 63.3 (63.4). The dollar's depreciation widened to 8.1 per cent from 7.6.

● GOLD rose $13¼ to $244¼ in London.

● WALL STREET was 11.26 down at 823.37 just before the close.

● GOVERNOR of the Bank of England, Mr. Gordon Richardson, has acquitted the international banking system and the Euromarkets themselves of posing a threat to world economic and financial stability. Back Page

● FIRST CHICAGO Bank of the U.S. has cut its prime rate by ¼ per cent to 11¼ per cent, following similar cuts by Chase Manhattan and First Pennsylvania.

● RETAIL spending in December was even higher than provisionally estimated, with final official figures showing a 3 per cent increase between November and December. Page 6

● STEEL INDUSTRY'S customers have criticised the Government's strategic handling of the nationalised sector of the steel industry, particularly BSC's planned closures of unwanted steel-making capacity. Page 6

● METRO-CAMMELL of Birmingham has won a £50m order to supply an extra 150 rail cars to the Hong Kong Mass Transit Railway Corporation, in a contract bringing the total value of work placed with the company to £125m. Back Page

● NATIONAL CARRIERS made a trading profit of £2.6m last year, which resulted in the company's first net profit since it was formed 10 years ago. Page 8

LABOUR

● BL CARS senior shop stewards have voted to call for a total strike by the company's 100,000 manual workers in support of their demand that parity payments should be paid. Back Page

COMPANIES

● VIBROPLANT HOLDINGS, the plant hire specialist increased pre-tax profit in the half year to September 30 from £1.25m to £1.6m on turnover up from £4.38m to £5.37m. Page 30

● BRENTNALL BEARD (Holdings) has announced a series of deals during its last financial year and after, which have reorganised the group's Canadian operations, following Canadian losses. Page 30

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Banks (Sidney C.)	97	+ 5
Evans of Leeds	99	+ 4
Lowe (Robert H.)	80	+ 8
Mining Supplies	131	+ 5
Mountview Ests.	110	+ 4
Stormguard	12	+ 5
Warner Ests.	168	+ 8
Wilkinson Warbrtn.	93	+ 4
LASMO	152	+ 8
Oil Exploration	224	+ 6
Anglo-Amer. Coal	755	+ 55
Bracken	102	+ 8
Kinross	366	+ 31
Libanon	578	+ 34
Lydenburg	100	+ 8
Messina	104	+ 7
RTZ	264	+ 6
Roan Cons. Mines	110	+ 10
Rustenburg	154	+ 10
Sabina	65	+ 7
Southvaal	543	+ 44
Vaal Reefs	£17	+ 1⅜
Vogels	95	+ 12
West Drie.	£24⅜	+ 1⅛

FALLS:		
Treas. 14½pc 1994	£100¼	− ½
Alpine Hldgs.	95	− 5
Bell (A.)	174	− 8
Blue Circle	260	− 6
Brit. Car Auction	64½	− 4
Dowty	263	− 6
Electrocompnnts.	330	− 10
Guinness Peat	110	− 5
Haslemr. Ests. New	30pm	− 5
Hawker Siddeley	204	− 10
ICL	442	− 20
Lloyds Bank	285	− 8
Lucas Inds.	270	− 7
Moran (C.)	39	− 6
Racal Electronics	342	− 12
Sotbeby P.B.	372	− 15

16% offer rejected by water workers

FINANCIAL TIMES REPORTERS

The water industry's 33,000 manual workers last night turned down an increased pay offer of 16 per cent.

Negotiations were still going on last night, and union officials felt there was still room for further improvement in the offer, which will become the pacesetter for public sector pay settlements.

The National Union of Public Employees had made it clear before yesterday's talks began that if the earlier 13.9 per cent offer was not significantly improved its 10,000 members in the industry would be called on to take official action. Unofficial action has already taken place in parts of England, particularly the North West and Yorkshire.

There was disarray yesterday among Ministers and local authority associations over how far the Government would be prepared to support a pay offer by councils that exceeds 8.8 per cent.

Colleagues of Mr. Callaghan were insisting that the Prime Minister had not given the go-ahead for a much more flexible attitude to be adopted by the local authorities when he referred, on Saturday, to a settlement in single figures.

authority associations yesterday met officials of the local authorities' advisory secretariat to discuss the position before tomorrow's negotiating meeting with the unions. There was also an informal joint meeting between the main negotiators on the employers and the union sides.

Civil service talks today

Civil service unions will meet Lord Peart, the Lord Privy Seal, this morning in an attempt to stave off a one-day strike in two weeks' time. Page 8. TUC leaders spent four hours with Mr. James Callaghan and other Ministers discussing a new social contract. An agreement is expected to be reached by tomorrow week. A MORI opinion poll in today's Daily Express gives the Conservatives a 19 per cent lead over Labour. Back Page

Denials

Mr. David Ennals, Social Services Secretary, certainly interpreted the remarks in a Newcastle speech as meaning that Government support would be forthcoming for a settlement that remained in single figures. He also said in the Commons that he had aimed to secure a single-figure settlement for health service workers.

There were strenuous denials of any shift in the Government's position. It was stressed that local authorities would have to approach the Government for permission before negotiating any offer above 8.8 per cent.

Treasury officials said the Prime Minister's speech did not necessarily imply that the Government would be prepared to underpin a settlement above 8.8 per cent.

The belief among MPs, however, is that the Government would be prepared to support a settlement up to 10 per cent.

Local authorities are annoyed that if the Prime Minister still intends not to sanction a deal above 8.8 per cent, his Newcastle speech weakened their already difficult bargaining position.

Leaders of the three main

In the health dispute, pay negotiations for hospital ancillary staff are scheduled today, and for ambulancemen either tomorrow or Thursday. Mr. Ennals promised in the Commons arrangements would be made to introduce a comparability study for Health Service ancillary workers, ambulancemen and other grades. Effect would be given to this next year. It would not be retrospective.

Mr. Ennals appealed for a return to normal working as industrial action in the health service—and among local authorities—was stepped up.

The Department of Health, however, said the union's code of conduct for health service strikers appeared to be having some impact. Difficulties at some trouble spots had eased.

Last night's water industry talks were concentrated on two main areas: an easing of the conditions attached to a £5 efficiency bonus and consolidation of the £6 supplement from Phase One of the present series of pay polices.

The employers made it clear that they were prepared to consolidate fully the £6 supplement which they estimated would add a further 2 per cent to the 13.9 per cent offered.

Continuing unrest in Iran brings reaction

Oil companies fear Saudi output cut

BY KEVIN DONE, ENERGY CORRESPONDENT

COMPETITION FOR shrinking world oil supplies has been intensified by reports that Saudia Arabia has imposed a new monthly production ceiling which would reduce available supplies by up to 1m barrels a day.

The four U.S. oil companies—Exxon, Socal, Texaco and Mobil—which lift nearly all Saudi oil production, have refused to confirm the reports of new production limits, but they are believed to have started to warn subsidiary companies and other crude oil customers to expect some cut-back in supplies and further price increases.

With nearly 5m barrels of crude oil a day lost to world markets, by the halting of oil exports from Iran, Saudi Arabia has held the key to consuming nations finding at least some replacement supplies.

In recent months it has increased production by about 3m barrels a day, partly to meet the usual increase in demand during the winter but partly to offset the loss of Iranian production.

Fears are growing, however, that Saudi Arabia has decided to hold down its production to 9.5m barrels a day compared with output in the first half of January that was ranging between 10.2m and 10.5m barrels a day.

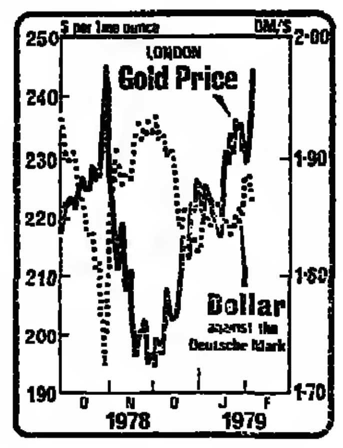
Saudi Arabia operated a production limit last year which set an average level of 8.5m barrels a day. This was interpreted as an annual average, however, which allowed production to rise from low levels in the first half of 1978 to more than 10m barrels a day in December.

According to oil industry executives in the U.S., Saudi Arabia has established monthly production limits of 9.5m barrels a day, which will apply for the first three months of the year.

The extra 1m barrels a day above last year's production ceiling is likely to be charged at higher prices to take account of the fact that the Organisation of Petroleum Exporting Countries oil prices are due to rise every three months this year.

This extra output would be treated as if it were produced in the final quarter of the year, by which time oil prices will have risen by 14.5 per cent above the 1978 level.

The squeeze on crude oil supplies has been further tightened by Libya's decision to cut production by about 50,000 barrels a day because of technical problems.



Gold up by record $13¼

BY COLIN MILLHAM

GOLD PRICES soared in London yesterday, closing with a record one-day rise of $13¼.

Fears about continuing unrest in Iran and the supply of oil from the Middle East, along with speculative switching between metals by investors contributed to the surge.

The metal closed at $244¼—its highest since the all-time closing high of $245¼ last October 30.

Gold opened very firm at $235¼, following strong demand in New York on Friday, soon eased to $236¼ on profit taking, then rose steadily in very active trading.

Silver also rose sharply, gaining 20p to close at 357p (710c).

With the U.S. likely to lose $8bn in Iranian defence orders, the dollar fell back to DM 1.8650 against the D-mark, compared with DM 1.8850 on Friday, and the SwFr 1.6990 in terms of the Swiss franc, against SwFr 1.7080.

The dollar's trade-weighted index on Bank of England figures, fell to 84.5 from 85.6

Although Britain stands to lose $2.3bn from the Iranian arms cutback, sterling was fairly steady.

Its index, as calculated by the Bank of England eased to 63.3 from 63.4, but the pound rose 95 points to close at $1.9895 against the dollar.

Money markets, Page 26

Metal prices, Pages 10 and 39

£ in New York

—	Feb. 2	Previous
Spot	$1.979-880	$1.9825-9850
1 month	0.55-0.50 dis	0.46-0.44 dis
3 months	1.65-1.60 dis	1.52-1.43 dis
12 months	5.00-4.85 dis	4.60-4.50 dis

Clashes loom as Ayatollah names his 'premier'

BY ANDREW WHITLEY AND ALAIN CASS IN TEHRAN

CONFRONTATION between the Iranian Army and supporters of an Islamic republic loomed closer last night as the Ayatollah Khomeini announced the appointment of a "premier" to head his "provisional government."

The religious leader named Dr. Mehdi Bazargan, who was seated next to him at a Press conference, as the man chose by his "revolutionary council," a body which he claims to exist but whose members are unknown. His action is seen as a direct challenge to the army and the government of Dr. Shapour Bakhtiar, who was appointed Prime Minister by the Shah.

The Ayatollah called for demonstrations in villages and cities throughout the country in support of his regime. Failure to obey would be against Islam and blasphemous, he asserted.

Dr. Bazargan, who is 73, is an engineer and was head of the National Iranian Oil Company under the nationalist leader, Dr. Mossadegh, in the early 1950s.

He has also been closely associated with the National Front, the main opposition grouping. Recently he has acted as an intermediary between the army and the Ayatollah Khomeini's camp in an attempt at a peaceful compromise.

Dr. Barzagan has been asked to appoint a cabinet as soon as possible. His "provisional government" would then hold national elections for a constituent assembly to ratify a constitution presented to it.

In this confusing, tense situation, Dr. Bakhtia's administration is likely to press ahead, more determined than ever, with reassessing economic policy. It is considering plans to nationalise the crippled banking sector, to take full control of the country's oilfields, and to review joint venture agreements with foreign companies.

Senior officials in Dr. Bakhtiar's administration have disclosed meanwhile that the cancellation of defence contracts with the U.S., Britain, West Germany and Italy involve orders worth no less than $15bn

At the same time, Dr. Rostam Pirasteh, Minister of Economic Affairs and Finance, said yesterday that Iran's domestic consumption will be slashed when political stability is restored.

But he was anxious to assure companies whose contracts have been cancelled that compensation will be paid.

Other developments, Pages 3 and 4

Higher fuel prices put pressure on industry

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

HIGHER fuel and raw material prices have built up the cost pressures on industry even before taking account of current pay increases.

But the output prices, charged by industry at the factory gate, have still been rising at a moderate rate. This suggests that the 12 month rate of retail price inflation — 8.4 per cent in mid-December—should edge up only gradually during the first half of this year.

The Industry Department said yesterday that the price index for materials and fuel bought by manufacturing industry increased by 1.6 per cent in January to 150.6 (1975=100).

The most important single influence was the higher price of crude oil introduced by the producing nations at the beginning of the month. But the prices of other commodities, notably metals, have also started to rise.

The result has been that the raw materials cost index has gone up by 3.4 per cent in the past three months compared with a fractional decline in the previous three. Over the last

Continued on Back Page

Editorial comment, Page 16

Retail sales, Page 6

Dunlop State aid hits snags

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A REQUEST by Dunlop for £23m State aid to help develop its troubled tyre business has run into problems in Whitehall after failing to win initial backing from the Government's independent Industrial Development Advisory Board.

Possible terms for the aid, which Dunlop is believed to want to use for a five-year development programme costing some £100m, are now being renegotiated by the Industry Department.

The company has rejected ideas, floated by the Government, that the National Enterprise Board should take a stake in its business, and the Government is now looking for other ways of involving itself in the future of the company.

One idea being canvassed is that the Government might recoup some of the £23m Dunlop wants in the form of interest relief grants, if the company is making adequate profits after five or six years.

Ministers see the claim for aid, which is one of the largest made under the Industry Department's £150m selective investment scheme, as a politically sensitive issue. This is because Dunlop is declaring more than 3,000 workers redundant and is closing its Speke plant on Merseyside.

The object of Dunlop's development programme is to build up its tyre manufacturing business in Birmingham. Ministers envisage a political storm should they grant £23m to a company which is pulling out of a depressed development area so as to build up its operations in a more prosperous part of the country.

Dunlop applied for the aid before Christmas and subsequently is believed to have had talks with the NEB which were broken off at an early stage because the company was not interested in a deal with the State-owned organisation.

Continued on Back Page

CONTENTS OF TODAY'S ISSUE

FEATURES

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EUROPEAN NEWS

Discontent growing as Paris union talks open

By David White in Paris

TWO KEY labour meetings take place in Paris today and tomorrow against a background of escalating conflicts in several regions of France.

The Government begins talks today with five steel unions on the hotly contested plan to cut some 21,000 jobs in northern and eastern France this year and next. Tomorrow, leaders of the two most powerful trade union confederations, the Communist-led CGT and the Left-wing CFDT, meet to try to patch up differences which have weakened the impact of industrial action.

The talks between M. Robert Boulin, Labour Minister, and the steel unions offer little hope of a compromise that will calm feelings in the steelmaking regions.

The unions are seeking firmer guarantees of new jobs and a reduction in the number of redundancies, by introducing a fifth daily shift and a 35-hour working week. But the Government has been adamant about adhering to its job-shedding plan and is most unlikely to give in on a 35-hour week.

The unions will also ask for better treatment of redundant workers, including facilities for retraining. It is thought that the Government might be prepared to lower the threshold for early retirement.

M. Edmond Maire, secretary-general of the CFDT, warned at the weekend that in Lorraine and the Nord-Pas de Calais region "it is beginning to be a question of mass anger."

Protests continued over the weekend when steelworkers from Usinor, the biggest French producer, blocked the Paris-Brussels motorway.

Tomorrow's meeting between M. Maire and his counterpart at the CGT, M. Georges Seguy, is overshadowed by continuing political differences. These were underlined on Sunday when M. Maire strongly criticised the "xenophobic" attitudes of the Communist party and CGT, which have laid much of the blame for current employment problems at West Germany's door.

But the two leaders, who failed to agree at their last meeting in December, may well be able to establish joint fronts at a local level. Apart from steel, their discussions are likely to focus on combatting redundancies in Renault's lorry plants and in the shipyards. The two unions are already joining forces in an increasing number of strike movements.

LEAKED FIGURES AN EMBARRASSMENT FOR ERTL

German farm incomes 'up 10.3%'

BY JONATHAN CARR IN BONN

NEW FIGURES on the growth of West German farmers incomes seem at first sight to have been made available at an embarrassing moment for Herr Josef Ertl, the Agriculture Minister.

Even as he went into negotiations in Brussels yesterday determined to resist any efforts to undercut the position of his farmers, the figures appeared in the West German Press. They show incomes grew by a healthy-looking 10.3 per cent in the 1977-78 year to an average DM 24,084 (£6,480) for each family member working on the farm.

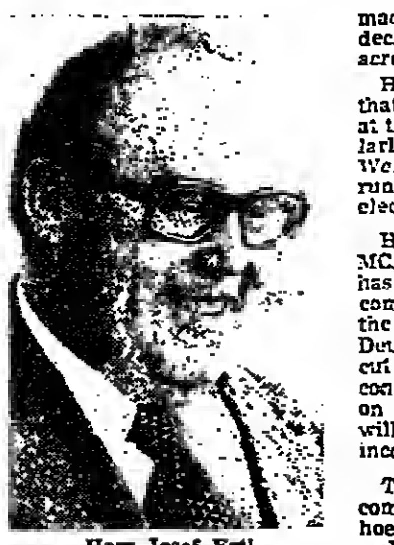
It is unclear exactly who leaked these details. They will be included in the Government's agricultural report for 1977-78 but this has neither been published nor discussed by the Cabinet or Parliament.

It is not immediately clear what the motives for the indiscretion might be. But it is known that not everyone—either in the Government or in the senior coalition party, the Social Democrats (SPD)—is wholly sympathetic to the tough negotiating line which Herr Ertl, a Free Democrat (FDP), is likely to adopt in Brussels.

Not least, the start of the European monetary system (EMS) depends on finding a suitable solution to the problem of monetary compensatory amounts (MCAs) in European Community farm trade. Bonn's partners, and France in particular, feel West German farmers have benefited disproportionately from MCAs. Proof that West German farmers have just enjoyed a marked rise in income could thus be used as pressure on Herr Ertl to be more flexible.

The figures could boomerang, however, against those who might try to use them in this way. For one thing, farm officials point out that the rise of 10.3 per cent is over the very poor drought year of 1976-77, when farmers' incomes actually dropped by nearly 14 per cent. Furthermore, available evidence suggests that incomes for the current 1978-79 year will rise by a maximum 3 per cent.

Because of these sharp annual swings, it is said that a fair judgment can be made only from the trend over a longer period. West German statistics show that, over the past decade, farmers' incomes have risen by an average of about 8 per cent anually, slightly less than the rise in non-farming sectors of the economy.



Herr Josef Ertl

It is true that such statistical comparisons are notoriously full of pitfalls—including insufficient data, wide income variations according to the size of the farm and so on. But Herr Ertl maintains it is his duty to see that farmers continue to share proportionately with other sectors the rise in national wealth. He is believed to be ready to resign if efforts are made to force him to take a decision which he feels cuts across that principle.

He is also understood to think that a resignation on the issue at this point would have particularly sharp consequences in West Germany in the campaign run-up to the European direct elections in June.

Herr Ertl feels that the MCA's, which West Germany has accumulated have merely compensated its farmers for the rise in the value of the Deutsche Mark. He is ready to cut these MCAs, but only in the context of Community decisions on farm price increases which will help ensure his farmers' incomes do not fall.

There is a further domestic complication. Herr Hans Matthoefer, the Finance Minister and a member of the SPD, is preparing legislation which could mean that West German farmers will have to bear a heavier tax burden. It seems likely that a Bill to this effect will emerge shortly—while the Brussels negotiations are still in progress. German farmers will then see their incomes threatened both in Brussels and at home. They are likely to increase pressure on Herr Ertl accordingly.

Romania tightens control of agriculture

By Paul Lendvai in Vienna

ROMANIA HAS initiated sweeping changes in the agricultural sector, aimed at countering recent serious setbacks in farm production. The main thrust of the reforms, announced by President Nicolae Ceausescu, will be to centralise the agricultural bureaucracy and thus keep a tighter rein on wastage and mismanagement at the district level.

By the end of February, so-called General State and Co-operative Agro-industrial Councils will be set up. These will include state farms, collective farms, tractor and farm machinery stations, as well as all agricultural research institutes.

Though the various units will have their own budgets, each Council will have one plan for the entire district and will also be responsible for fulfilling the planned targets. Its chairman will be the agricultural expert of the local Communist Party committee. President Ceausescu has cautioned that the new measures should in no way lead to an under-estimation or neglect of small private allotments cultivated by the collectivised farmers. However, the unified management of the agriculture amounts to an unprecedented degree of centralisation.

Meanwhile, President Ceausescu in a Bucharest speech blamed the farm sector, the food industry and delays in export deliveries for the non-fulfilment of important plan targets. A comparison of the report issued last week by the Central Planning Office with the plan targets show that a number of key targets—and not only in farming—were not reached.

Productivity was up by 7 instead of the projected 9 per cent. Industrial output by 9 instead of the planned 10.6 per cent. Total foreign trade turnover increased by 10 per cent, but the original target was 19.1 per cent.

Mr. Ceausescu revealed that imports last year jumped by 16 per cent, but exports rose only by 6 per cent.

For the third year in succession, farm output fell short of the targets. Thus, the output of cereal grains was only 18.9m against the projected 23.2m tonnes, vegetable, fruit, grape growing, as well as livestock and meat targets, were also not reached. In all, gross farm output was up by 2.4 per cent instead of the projected 7-16 per cent. Far from reaching planned growth rates, the output of meat, dairy products and cooking oil were down even compared to actual results in 1977.

Though farm output between 1950 and 1978 showed a 350 per cent rise it is still far behind per capita output in the West or more developed East bloc countries, such as East Germany and Czechoslovakia. Though accounting for more than one-third of the total labour force, farming in 1976 contributed less than 15 per of the GNP.

The revamping of agriculture comes only two years after a large-scale reorganisation. Observes are doubtful whether yet another revision and reshuffling of personnel will alone improve the situation without a corresponding shift in investment allocations. Last year farming accounted only for some 13.5 per cent of total investments in the economy.

Negotiations begin on labour contracts for 2m workers in Italy

BY RUPERT CORNWELL IN ROME

VITAL NEGOTIATIONS for the new round of labour contracts, covering the 1979-81 period, begin here today between employers and unions representing more than 2m workers in the building, metalworking and engineering industries.

The bargaining, particularly in the engineering sector where key groups like Fiat and Olivetti are involved, promises to be long and hard. Its outcome may have a decisive impact on the course of the Italian economy over the period.

The initial positions of the two sides are far apart, and the employers have warned that to give into the claims made by the engineering unions would not only severely damage competitiveness abroad but remove any chance of creating new jobs at home.

This attitude was shared by the outgoing Government of Sig. Giulio Andreotti, whose ambitious economic recovery plan, running over the same period as the wage contracts, pinned its hopes on the containment of labour costs.

The core of the programme is its goal of limiting wage increases to the rise in the cost of living. But the metal workers platform approved last year demands an increase of L30,000 (£18) in the monthly wage over and above the automatic indexation embodied in the "scala mobile" system.

Moreover, many unionists are now pointing to the collapse of the British Government's incomes policy as proof that no such device would work for long in Italy either.

At the same time they are seeking a reduction in the working week from the present 40 hours to between 36 and 38 hours, despite opposition from the employers and the powerful Communist Party which, at least until its withdrawal from the Government majority 10 days ago, supported the moderate line of the main union leaders.

Another request resisted by employers is for greater union involvement in corporate planning and decision making, which industry argues would only further add to the tasks of running a company.

The unions also are demanding specific additional aid for the depressed south, something which is linked intimately to the overall economic strategy of the outgoing Government.

Lambsdorff delays decision on Veba-BP

BY ADRIAN DICKS IN BONN

COUNT Otto Lambsdorff, the West German Economics Minister, is not now expected to be in a position to give his decision on the complex DM 800m (£215m) deal between Veba and Deutsche BP before the middle of next month.

Although the Minister had hoped to publish this week the result of his deliberations on a request by the two companies to let the deal go through, he has stayed his hand pending last-minute intervention by the European Commission in Brussels and the Federal Cartel Office in West Berlin.

These two bodies have re-entered the BP-Veba case after it had been assumed by most observers that each had already had its say.

The Cartel Office's report objecting to the planned exchange of interests by the two companies was published last October, and caused Veba and BP immediately to apply to Count Lambsdorff for a ministerial dispensation. In a fresh series of private discussions yesterday, however, the Cartel Office was believed to be requesting information on an aspect of the deal in which it had previously shown no interest.

This is the letter of intent signed jointly between Deutsche BP and Ruhrkohle, West Germany's biggest hard coal producer, setting out the terms of Deutsche BP's plans to sell natural gas to West Germany, and proposing co-operation in coal gasification research.

The Brussels Commission last week surprised some officials in Bonn by announcing that it planned a series of hearings. The Competition Department of the Commission announced that it wanted to study the effect on the West German gas market if a majority of Ruhrgas were to pass into the hands of international oil companies.

If the deal goes through, BP would acquire 25 per cent of Ruhrgas, which is already co-operating with Ruhrkohle in the coal gasification field.

Dutch printers settle for trend-setting 3% pay rise

BY CHARLES BATCHELOR IN AMSTERDAM

THE FIRST main group of Dutch workers—about 50,000 printing industry employees—has agreed a wage contract for 1979. The settlement, which is likely to set a trend, provides for increases of 3 per cent and contains agreements on issues such as early retirement and recruitment.

The printing settlement provides hopes of a breakthrough in the stalemate which has existed since central wage talks between the two sides of industry and the Government were called off in November. Last week discussions between unions representing 240,000 metal-workers and 260,000 building workers were broken off.

The printers' 3 per cent pay rise is composed of an increase of just over 2 per cent to compensate for price rises and an increase in the basic rate of just under 1 per cent. The minimum holiday payment has been raised to Fl 1,900 (£475) and an extra day's holiday will be given.

The two sides also reached agreement on an early retirement scheme for 63- and 64-year-olds in the industry. Workers taking early retirement after at least 10 years service will receive benefits based on their last full wage. Premiums not covered by Government subsidies will be met equally by the employers and the workers themselves.

The unions and the employers will draw up a plan to recruit and train 1,000 new printers in areas where there is a shortage. Consultative councils will be set up in companies employing between 10 and 25 workers. At present, Dutch legislation only provides for works councils in concerns employing 100 or more.

The Dutch Government has agreed on a revised Bill to liberalise abortion after some of its proposals were criticised by the Council of State, an advisory body which reviews all draft bills before they are sent to Parliament, writes Charles Batchelor. Prime Minister Dries van Agt refused to give details of changes, but said the main points have been retained, namely that a woman and her doctor should decide whether an abortion should be carried out, and that abortions may be performed in a clinic up to three months, but only in hospital thereafter.

The employers rejected union demands for a flat rate increase of Fl 20 (£5) a worker a month, but the percentage increase now agreed exceeds this sum, a union spokesman said. The largest union federation, the FNV, is seeking an increase of Fl 20 a month to meet increases in the cost of living which, it says, are not met by the automatic price compensation mechanism.

Brussels row likely over nuclear safeguards

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

FRANCE APPEARS set on a collision course with the European Commission over the politically sensitive question of whether the Community or its individual member governments should be responsible for negotiating international agreements on nuclear safeguards.

The issue may come to a head today when EEC Foreign Ministers, meeting under French chairmanship, are asked by the Commission for a negotiating mandate to enable it to take part in the international conference on physical protection standards which opened in Vienna yesterday.

The Commission insists that the Euratom treaty empowers it alone to represent the Community in the talks. Its argument is powerfully supported by a landmark decision handed down by the European Court of Justice last November, which unequivocally reaffirms that it has sole authority in this area.

France has reluctantly conceded that the Commission should attend the talks, aimed at concluding a convention on safety standards for the handling of nuclear materials. But it appears bent on undermining its role by refusing to approve a mandate, whose main elements have already been agreed in principle by the eight other member States.

The Commission claims that the court decision also requires the Council of Ministers to equip it with a mandate, and that in the absence of one, none of the individual governments may legally participate in the conference.

It is still unclear, however, what the Commission will do if France continues to block its request. Officials here were still hoping that a compromise could be reached at today's meeting and appeared reluctant to engage France in a head-on confrontation which could badly damage relations with Paris.

France's insistence on being allowed a free hand to pursue its own nuclear policies—in both the civil and the military fields—has been a source of friction with the EEC's institutions almost since the day the Euratom treaty was signed more than 20 years ago.

Resistance to what it regards as interference by the Community in this field is also causing it to baulk at a Commission request for authorisation to negotiate a safeguards agreement with Australia. The protracted deadlock on this question is holding up the conclusion of nuclear supply arrangements between Britain and Australia.

A carefully-timed clue to French official thinking is contained in the current issue of the weekly news magazine L'Express in which the Euratom treaty is portrayed as an unnecessary relic of an earlier age which should he revised to bring it into line with today's political realities.

In particular, the article suggests that it is high time that the section of the treaty dealing with nuclear supply arrangements, whose provisions have long been criticised by France, was redrafted to permit EEC governments greater independence of action.

● The world's first fatal accident at a nuclear power plant involving release of radioactivity may have occurred at a Czech power station three years ago, according to the New York newsletter Nucleonics Week, writes David Fishlock.

In o report from Prague it says that two men were killed while refuelling o 150 MW gas-cooled reactor ot Jaslovske Bohunice. How the operators were killed is not known, although one suggestion is that a fresh fuel assembly was incorrectly fed in

OECD move on aid scheme for Turkey

AN INVITATION from the West German Government to prepare for a joint aid scheme for Turkey by member countries of the OECD has been accepted by Mr. Emile van Lennep, the secretary-general.

The proposal has the support of the U.S., Britain and France, and Mr. van Lennep hopes to persuade other OECD members to join the scheme, writes Robert Mauthner in Paris.

Danish bonds ban in force

BY HILARY BARNES IN COPENHAGEN

THE BAN on the sale of Danish state kroner bonds to foreigners will come into force today. It will apply to all bonds issued since 1975, which means that only a small number of state bonds issued in the 1950s, can continue to be traded internationally.

Trading continued in the bonds yesterday, while the authorities worked out how to apply the ban. Technically, it takes the form of a change in the foreign exchange regulations which redefines state bonds as money market papers: short-term papers which can be excluded from the capital liberalisation regulations of the EEC.

THE EEC BUDGET DISPUTE

Parliament throws down the gauntlet

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

THE NEW Year has got off to a decidedly unpromising start for the Common Market. The European Monetary System, which was supposed to go into orbit on January 2, remains stuck on the launching pad. Efforts to free EMS from France's controversial demands for accompanying changes in EEC farm financing arrangements have so far failed to make any headway. And, for the first time in its history, the Community has no agreed budget for the coming year.

In other circumstances, the budget dispute alone would be serious enough to prompt talk of a "crisis" in Brussels. It raises numerous questions about the future division of decision-making responsibilities in the Common Market and touches, accordingly, on some extremely sensitive political nerves in the member states. Unless it is resolved soon, there is a risk that it will flare up into a full-scale confrontation between EEC institutions, badly souring the atmosphere in the run-up to next June's direct elections to the European Parliament.

At its simplest, the row is a tug-of-war between the determination of the most sovereignty-conscious governments to keep major decisions firmly under their control and an attempt by an unexpectedly defiant European Parliament to carve out a bigger sphere of influence for its directly-elected successor. But few disputes in the EEC are ever completely clear-cut, and this one has been blurred by a number of complicating factors which do not make for an easy solution.

The seeds of conflict were sown last October, when the normally supine Parliament sprung a surprise by tacking an extra 480m units of account (about £325m) onto the EEC regional fund, raising its value to 1bn UA. It justified this move on the grounds that the success of the planned EMS would depend partly on a substantially increased flow of resources from the wealthier to the less prosperous EEC economies.

The decision was doubly controversial. In the first place, it breached the statutory margin by which the Parliament may amend the draft budget, known as the "maximum rate." This is calculated on the basis of various economic criteria and was fixed for this year at about 11 per cent of so-called non-obligatory spending—that part of the budget which does not flow directly from requirements laid down in the EEC treaties. The Parliament is prohibited from altering obligatory expenditures, which account for roughly three-quarters of the budget and consist mostly of funds for agricultural price supports.

Secondly, the value of this year's regional fund had been set at 620m UA by EEC government leaders themselves at their December 1977 summit in Brussels. In French eyes, particularly, the Parliament's attempt to alter that figure was an impudent challenge to the authority of the EEC's supreme decision-making body.

When EEC Budget Ministers met last November, France and Germany pressed to have the regional fund amendment rejected. But Britain and Italy, which together stood to receive more than two-thirds of the extra funds, jointly blocked the move. After an unsuccessful French attempt to force the issue to be put to a unanimous vote, the amendment was allowed to stand and the draft budget was sent back to the Parliament for its final reading.

The Budget Council had apparently expected the Parliament to back down by repealing its own amendment. But in the event, the Euro-MPs stood their ground. More precisely, they did nothing, invoking a hitherto obscure provision of the Rome treaty which states that if the Council fails to modify Parliamentary amendments within 15 days, the budget shall be deemed to be finally approved. This course of passive defiance was supported even by the Gaullists, normally the most vigorous opponents of any extension of the powers of the Parliament.

Faced with this challenge, the Council and the Commission consulted their legal experts. In both cases, the conclusive opinion given was that the budget had indeed been adopted. Somewhat lamely, the Council then dispatched a letter to the Parliament accusing it of following "irregular" procedures but without specifically contesting the budget's validity. The Commission, for its part, announced that it intended to implement the budget on the basis of the Parliament's version.

Mattera could not, however, be left to rest there. The Parliament had clearly exceeded its maximum rate and, moreover, its budget omitted some vital items. These included provisions for certain personnel expenses and 200m UA for interest rate subsidies promised to Ireland and Italy at last December's Brussels summit to tempt them into joining EMS. Finally, France was still fuming at what it saw as an outright snub by the Parliament and needed to be mollified.

In an effort to square some of these objections, the Commission has been canvassing a compromise whereby the Council would resolve the legal quarrel over the Parliament's amendments by agreeing to increase retroactively the maximum rate. In exchange, the Parliament would be asked to approve a supplementary budget transferring most of the disputed increase from the regional fund to other chapters of expenditure approved by the Council.

But prospects for an agreement on these lines do not look good. Not only has it been coolly received by the Parliament, but it is also threatened by growing splits in the Council. Italy, in the throes of a new Government crisis, has warned that it will oppose any move to cut back the regional fund to its original size. Last week, Britain France and Denmark added a new complication by refusing to accept the Parliament's budget as the basis for their contributions towards the EEC's February expenditures, even though the six other governments had agreed to do so.

Few disputes in the EEC are ever completely clear-cut, and this one has been blurred by a *number of factors which do not make for an easy* solution.

At first, Britain had agreed not to dispute the budget's validity, a view consistent with its efforts to secure a bigger regional fund. This position, however, flatly contradicted the insistence of the Labour Left that the powers of the Parliament should be strictly curbed. So, with national and European elections scheduled this year, the Government abruptly shifted its ground and joined France and Denmark in a gesture of protest against an action which it had previously supported.

The Commission is now in an exceedingly awkward position. Unless some form of political compromise can be negotiated between the Council and the Parliament, it will be under increasingly strong pressure from the Euro-MPs to take Britain, France and Denmark to the European Court of Justice for failing to pay their full budget contributions. If it showed signs of foot-dragging, it could itself be taken to court by the Parliament for failing to implement the budget.

But the real nightmare haunting the Berlaymont is that an impatient and angry Parliament may decide to exercise its ultimate sanction by summarily dismissing all 13 Commissioners. It would be entirely within its Treaty rights to do so, though such a move would undoubtedly provoke a tempestuous response from the Parliament's critics in countries like France and Britain and probably lead to calls for the postponement of direct elections to punish the presumptuous assembly.

At present, most Commissioners do not believe that the threat of such action is very great. But then, few would have predicted a year ago that the Parliament would take such an intransigent stand over this year's budget, and even the optimists in Brussels are becoming uneasily aware that the time for averting a head-on collision with the Parliament is swiftly running out.

The hope remains that some compromise can be worked out in the Council, perhaps at today's meeting of Foreign Ministers. But France, currently occupying the Council presidency, is deeply involved in the dispute and is under strong pressure from the Gaullists at home not to offer the sort of concessions which might make a negotiated settlement possible. So far, the French have sought to take steps which would ensure that a similar imbroglio did not recur in the future but have failed to suggest any practical solution to the current impasse.

Michelin chief shot in ETA Basque protest

By David Gardner in Barcelona

M. GEORGES ROUZIER, manager of the Michelin tyre company's plants in Spain's Basque country, was released yesterday after a brief captivity. Gunmen kidnapped him in the town of Lasarte, but later let him go near San Sebastian with a gunshot wound in the leg. The attack was part of a wave of protests against last week's crackdown on Basque refugees by the French Government. The refugees are accused of using French territory as a base to launch terrorist attacks inside Spain.

Protests against the French Government's action — which included the handover to the Spanish authorities of seven people and the deportation to Italy of 16 others—have continued throughout the past week in both the French and Spanish Basque country, despite severely increased security measures.

The radical nationalist stronghold around San Sebastian was already paralysed by strike action yesterday in protest against the arrests and the action of the French Government. The arrests, especially if the detainees are charged under a package of anti-terrorist measures passed by decree last week, will certainly mean this strike action spreading

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Pinto faces parliamentary battle over tax on bonus

BY JIMMY BURNS IN LISBON

PORTUGAL'S non-party Government led by Sr. Carlos Mota Pinto is hoping to gauge today the extent of growing dissatisfaction among the political parties and trade unions for some of the Government's economic plans.

In what some observers here see as the 10-week-old administration's first major Parliamentary test, Sr. Mota Pinto and his Ministers will face a barrage of questions on their controversial plan to introduce a 50-to-60 per cent tax on the traditional Christmas bonus. The Government will also be questioned on its intention of holding salary increases to a ceiling of 18 per cent this year and on plans to reduce the amount of central government spending on local government projects.

The Government was clearly surprised by the criticism of its policies launched at the weekend by the Christian Democrat Party (CDS). The CDS accused the Government of incompetence and implied that it might have to reconsider its support for the administration because of the new tax.

—Equally surprising was the weekend challenge launched by the recently-created non-Communist trade union organisation, the General Union of Workers (UGT). The UGT, which many observers had been expecting to adopt a more passive position than the rival Communist trade union Intersindical, said the levy on the Christmas bonus and the ceiling of 18 per cent were unacceptable.

Sr. Carlos Mota Pinto

The new offensive from the parties and the unions has come at a delicate time for the Government. It coincides with the arrival today of an IMF team and the beginning of what is expected to be the renegotiation of the Portuguese "Letter of Intent" signed last May. The Government is hoping to reassure the IMF not only that the political crisis in Portugal is over but also that its budget and short-term economic plan for 1979 will be implemented once parliament approves it on February 15.

IRAN

Salesmen cut their losses

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

UK industrial companies involved in contracts with Iran now threatened with suspension or cancellation are looking for alternative outlets for the weapons concerned.

While the *official Ministry of Defence* line is that the contracts, involving more than £1bn and some 20,000 workers, are still subject to re-negotiation with the Iranian Government, it is believed that most will be cut substantially, if not cancelled entirely.

The aim of the Ministry and the affected companies is to minimise the losses by finding users for the weapons either in the UK or overseas.

For example, the £600m deal for 1,350 Shir Iran and Shir Iran Chieftain main battle tanks, primarily built at the Royal Ordnance Factories at Leeds (tank vehicles) and Nottingham (the 120 mm guns), could be diverted partially to the British Army, which needs to update some of its existing *Chieftains*. Other countries have been showing interest in Chieftains for some time.

Nevertheless, there are likely to be some redundancies.

Many companies involved in Iran foresaw the possibility of difficulties, and began to seek new markets for their products before the end of last year, as a matter of prudent management.

Rolls-Royce Motors believes the diesel engines it manufactures for the Iranian Chieftains could be used in a variety of alternative vehicles.

While the loss or rundown of the Iranian order would be a blow in the short-term, the company hopes to soften the longer-term impact by finding new markets.

Similarly, the Dynamics Group of British Aerospace, whose £400m deal for the Tracked Rapier is under threat, already is busy on other guided weapons for the UK armed forces and overseas customers, and can redeploy the several hundred workers involved in other programmes.

One immediate effect of the Iranian situation is likely to be greater competitiveness in world armaments markets, as Western companies all seek alternative *outlets*.

Swiss concern on flight capital

BY BRIJ KHINDARIA IN GENEVA

ALARMED BY the rate of inflow of Iranian money into Switzerland, a Swiss banking watchdog unit has opened enquiries to check whether commercial banks are violating understandings reached with the National Bank.

Millions of dollars are said to be flowing into Swiss banks from Iran and will come under usual banking secrecy laws despite new conventions brought in to control unapproved foreign flight capital two years ago, after the "Chiasso affair" when one of the country's largest banks took huge losses because of alleged mismanagement by a branch manager in the south eastern city of Chiasso.

Banking officials said it was impossible to estimate how much money has entered Switzerland, but at least $2.4bn came in between October and November last year with the apparent approval of the Shah's government and the Iranian central bank.

The new unit, a special commission set up jointly by the National Bank and the Swiss Bankers Association after the Chiasso affair, has begun an investigation to ascertain whether the commercial banks are actively helping Iranian flight capital to make its way into Switzerland.

Mr. Peter Klauser, secretary of the five-man commission, which is presided over by a judge, said discretion was being used in handling the situation. If Swiss banks are found to have been aiding flight capital they could face substantial fines. But the commission cannot return the money to Iran nor can it force banks to divulge information.

Banking officials said that getting Iranian money out of the Swiss banking system will be next to impossible unless a future Iranian Government were able to prove beyond doubt that the money was obtained through theft or fraud. Tax evasion is not considered grounds for return of funds under Swiss regulations and no special accords have been concluded with Iran.

The only possibility open to the new Iranian Government will be to apply to Switzerland's Justice and Police Department to proceed against any criminal activities.

Saudis oppose 'foreign interference'

JEDDAH — Saudi Arabia's Foreign Minister declared yesterday that his country was opposed to any changes in Iran involving foreign interference and the alteration of balance of power in the region.

Saudi Arabia considers "recent and current changes in Iran as a very natural development, if they reflect demands by Iranians themselves," Prince Saud Al-Faisal stated in an interview with the daily newspaper al Siyassa.

"But we oppose any changes which lead to foreign interference that would tip the current balance of power in the area," he added.

"It is not part of Saudi Arabia's policy to intervene in the domestic affairs of other countries," the Saudi Prince replied in answer to a question on his Government's attitude toward the recent political turmoil in Iran and the departure of the Shah.

Besides, the situation in Iran was not clear enough, he added, though "we do hear that the Iranians themselves are warning against foreign intervention."

Earlier this month the rulers of this conservative kingdom appeared so alarmed by the popular uprising against the Shah that they sought assurances of continuing support from the United States. As a result a squadron of F-15 jets of the U.S. air force visited Saudi Arabia for a week to display the U.S. flag at a number of air bases.

AP

A think tank for the Third World

By Hugh O'Shaughnessy

THE developing nations of the world, the ferocity of whose demands for change often appear to scarify the chanceries of the richer countries, have pathetically few resources with which to deal with the immense task of carrying on detailed negotiations. They desperately need a Think Tank and Secretariat to back up their endeavours. Such at least is the opinion of Mr. S. S. Ramphal, who has had a wealth of experience as an operator on the international scene, first as the Foreign Minister of Guyana and currently as Commonwealth Secretary-General.

"During 1977 there were over 2,000 meeting days in Geneva for UNCTAD alone. And these were quite apart from other important negotiations at the ILO, GATT, WHO, and other international organisations in Geneva. In that year, which saw intensive activity in the Multilateral Trade Negotiations as well, only 55 of the 117 members of the Group of 77 developing countries had resident missions in Geneva, the great majority of them with fewer than ten staff. U.S. *staff* in Geneva for the MTNs alone was in excess of 150," he points out.

In the view of some people it is little short of miraculous that the developing world maintains the level of cohesion and diplomatic initiative that it currently does given the close and efficient links that exists through the OECD, EEC, NATO, and other bodies and the growing temptations that exists among the large members of the developing world, such as Brazil, to cut and run from the group and do their own deals with the richer countries on a bilateral basis.

Cuba

The question facing the developing countries is in what form should they cast their new secretariat which Ramphal has provisionally christened the OECDC, the Organisation for Economic Co-operation among Developing Countries. Should it be formed by the Non-Aligned Movement which later this year *celebrates its summit meeting* in the Cuban capital and in which President Fidel Castro aims to become increasingly important or should the secretariat be generated by the Group of 77, the Informal consultative body of developing countries which is operative in the principal bodies of the UN Organisation?

Though the Cuban leader and his Government will be straining every muscle this year—as indeed they have strained for more than a year already—to try to make sure that Cuba becomes the effective leader of the Third World through the Non-Aligned Movement, the unwillingness of many developing countries to accept Cuba's Marxist-Leninist ideologies and its close relationship with the USSR makes it highly unlikely in the view of many observers that any OECDC will spring from the Havana summit. The less politically charged Group of 77 seems to some people to be the better bet.

Were the 117 members of this mis-named Group to pitch in with contributions only four need pay more than $½m a year. The majority would get by with the modest enough contribution of $25,000 and perhaps derive the added benefit of cutting their overall costs for diplomatic representation.

Though the realisation of the idea of an OECDC is still many months, perhaps years, away there are signs that the need for such a body is becoming more universally accepted in the Third World as it makes its preparations for UNCTAD V which is to be held *in May* in Manila.

Next month sees the meeting at the Tanzanian town of Arusha of representatives of the Latin American, African and Asian countries who are going to Manila. Each continental group has already had its own regional meeting to decide its local priorities. Perhaps the most highly organised has been the Latin American contingent who at the end of last year met to draw up their own priorities at the Uruguayan resort of Punta del Este and the Venezuelan capital Caracas under the aegis of SELA, the Latin American Economic System.

Communist

The ambitiously named SELA has been active for the past few years attempting to work out a Latin American consensus on economic topics and had some initial success in getting the Cubans at one end of the spectrum to sit down with, say, the Paraguayans and Nicaraguans at the other end of the political spectrum to elaborate a common position. Only last year, however, did its fortunes begin to lok up under the direction of its permanent secretary, the Ecuadorian economist and former Minister, Dr. Jaime Moncayo.

With a small staff in Caracas *Dr. Moncayo is busy drawing up* polices for the Latin Americans to pursue in their discussions with the EEC and in the various UN forums, drawing heavily on the work of the UN Economic Commission for Latin America based in Santiago.

Court judgment on Bhutto today

THE PAKISTAN Supreme Court will rule today on whether Mr. Zulfikar Ali Bhutto, the ousted Prime Minister, should hang for ordering the assassination of a political opponent four years ago, Reuter reports from Rawalpindi.

A court spokesman said it would deliver its judgment *on* Mr. *Bhutto's* appeal against the conviction and death sentence imposed by Lahore High Court last March.

Strict security has been imposed in Pakistan in preparation for the judgment, but the announcement will not be the end of an affair which began with Mr. *Bhutto's* arrest 17 months ago on charges of ordering a 1974 ambush on Mr. Ahmed Raza Kasuri, a vocal critic of Mr. Bhutto. Mr. Kasup *escaped, but his father, Mr.* Nawab Muhammad Ahmed Khan, was fatally wounded.

If the court rejects Mr. Bhutto's appeal, his lawyers will have 30 days in which to petition the Supreme Court to revise its opinion.

If this fails, Mr. Bhutto, who is 51, would have seven days to petition for mercy.

He could petition the military governor of the Punjab province, or go directly to President Zia-ul-Haq.

But the army chief, who *appointed himself President* last Steptember after ousting Mr. Bhutto in a bloodless coup in July, 1977, has said consistently that he will abide by the Supreme Court verdict if it decides to order the execution of the ex-Premier.

Mr. Bhutto has said he would not petition for clemency and has commanded *his family not* to petition on his behalf.

He has shown contempt and disdain for General Zia, who he has described as a "chocolate soldier" and "knight on a white horse."

Pakistan's future on trial

The case of Mr. Bhutto (right), in the eyes of many Pakistanis, is basically an example of holding a political leader responsible for what he did in office, writes Chris Sherwell in Islamabad.

ONE OF the world's most *widely* publicised *court* cases comes to an end today when the seven judges of Pakistan's Supreme Court finally pronounce on the appeal against the death sentence of the deposed *Prime Minister*, Mr. Zulfikar Ali Bhutto.

But by itself the judgment will not lift the heavy cloud of uncertainty overhanging the country's future. Whatever it says, the decisive move must still come from General Zia-ul Haq, Pakistan's military ruler, and no one knows when that will come.

The verdict itself is nevertheless momentous for Pakistan. While Mr. Bhutto is alive he remains an incalculable force in the country's politics, even languishing in jail. Dead he would be a martyr to his countless supporters in the rural parts of his home province of Sind and all over the Punjab. It is not Mr. Bhutto alone who is on trial—the country's future is being decided.

It is hardly surprising, therefore, that the country has been virtually paralysed as it awaits the *supreme court announcement*. The administration has postponed decisions pending a verdict. Political parties have loosened existing alliances in case the former leader should re-emerge. Businessmen refuse to invest.

The martial law authorities are taking no chances. In a nationwide swoop at the weekend they rounded up hundreds of Bhutto supporters, mainly local leaders of Mr. Bhutto's Pakistan People's Party (PPD). Police leave has been cancelled, and *signs* of military preparedness have grown more visible. Schools and colleges have been closed. A series of unexplained bombing incidents in major cities last week has added to the tension.

The controversial four month Lahore high court trial and the seemingly interminable seven-month appeal in Rawalpindi have served only to reinforce rather than undermine people's prejudices about Mr. Bhutto.

General Zia now stands by his undertaking to do the court's will. For *his* part Mr. Bhutto has told his family he wants no mercy appeal if the judges uphold the death sentence. Under the rigours of martial law and after last year's abortive attempt at confrontation Mr. Bhutto's party is poorly placed to start agitating. But many of the world's embassies in Islamabad have their protest messages prepared.

The Supreme Court judges must pronounce on the Lahore high court's conviction and sentence on three charges: death by *hanging* for murder, seven years jail for attempted murder, and five years for conspiracy to murder. Legal opinion differs on whether the court can reduce the death sentence to life imprisonment, with some lawyers saying that on all three counts it can only confirm the penalty or acquit. One other alternative is a retrial.

The case derives from an incident in November 1974 in which a car containing Mr. Ahmed Raza Kasuri, a member of Parliament who had spoken out against Mr. Bhutto, was ambushed in Lahore. Mr. Kasuri's father, a passenger in the car, died of bullet wounds. Mr. Kasuri named Mr. Bhutto as the instigator of the apparent attempt on his life, but after an investigation the case was filed untraced. It was re-opened soon after Mr. Bhutto was ousted by General Zia.

At the Lahore trial, the prosecution said Mr. Bhutto had conspired with the Director General of the Federal Security Force (FSF), Masood Mahmood, to murder Mr. Kasuri after an altercation in June 1974 between the two men in the National Assembly. His instructions were said to have been passed on to the FSF's Director of Operations and Intelligence, Miam Mohammed Abbas, who in turn instructed Ghulam Hussain, an inspector, to organise the assassination.

The men are alleged to have bungled the job, and Mr. Kasuri's father died by mistake. According to the prosecution, the *weapons directly* implicated the FSF, an organisation under Mr. Bhutto's control. But attempts to investigate the incident were frustrated by "pressure, influence and coercion" from the Prime Minister and the FSF. Within ten months the case was filed untraced.

The detention of Masood Mahmood and the others on the day of the 1977 coup and during subsequent weeks brought a chain of alleged confessions which led to Mr. Bhutto's arrest and trial.

Mr. Bhutto did not treat the prosecution's case particularly seriously. But he took great exception to the way the court worked. He quickly concluded from what he felt were insults and humiliations that the court was prejudiced against him, and he boycotted the proceedings. He lost more faith when the court heard his own statement in camera after hearing the prosecution case in open court. When the court eventually found Mr. Bhutto guilty and sentenced him, and four others, to death last March, it produced a judgment which in its tone appeared to confirm Mr. Bhutto's supicions.

Mr. Bhutto initially refused to appeal. After an international outcry which, as can now be seen, wasted irrecoverably much of the pressure that may yet be sought to save his life, an appeal was filed with the supreme court. Hearings began in May. After the controversial Lahore Trial the court went to great lengths to ensure that the defence was given a fair hearing, and Mr. Bhutto's lawyers went minutely about their task.

They attacked the reliability of Mr. Kasuri as a man of capricious political loyalties whose criticism of Mr. Bhutto was so ineffectual, that he was hardly someone to be eliminated. They derided Masood Mahmood as dishonest and said the contradictory "confession" extracted from him was not independently corroborated.

Evidence was also produced to show that the jeep supposedly used in the ambush could not at the time have been with the men confessing to the crime. One of these men was further shown to have been in Karachi at the time he was supposed to be in Lahore.

The Government then produced three white papers while the appeal went ahead. All were aimed at blackening Mr. Bhutto's image in the eyes of the public. They said he had rigged the 1977 elections, manipulated the media and misused public funds. But critics found them *unconvincing*. When Mr. Bhutto wrote rejoinder from his death cell, the martial law authorities impounded the document. Journalists who quoted from one of the clandestinely circulated copies were liabel to be accused of contempt of court.

The judges themselves became embroiled in controversy when one of the original nine, thought by the defence to be pro-Bhutto, was not reappointed to the court on an ad hoc basis when he retired. This is normally a formality in such instances.

Panic gripped the Bhutto camp. Where the appeal had seemed to be going so well, suddenly there was the feeling that the court was being loaded against them.

Mr. Bhutto's personal appearance at the end of the appeal then transformed the pessimistic mood. His wife, Begum Bhutto, who had been seeking outside advice which brought a showdown with Mr. Bhutto's lawyers, now emerged virtually certain that the former Prime Minister had clinched his case. The defence team agreed. But while his appearance was easily the most dramatic episode in the appeal, he added little that was new to the case and made no attempt whatsoever to answer the allegations concerning the original investigation of the incident.

Mr. Bhutto told the court he was not concerned to demonstrate his innocence: the prosecution had to prove his guilt beyond all reasonable doubt. He said there was no case against him. He had no motive to kill Mr. Kasuri, and was involved in no conspiracy: the conspiracy was against him. He told the judges he had full confidence in them, and said they could hang him if they wished, because he had at last had the opportunity to speak. But if they did hang him, he warned, the consequences for Pakistan would be traumatic. It was a remarkable performance.

Few people doubt that Mr. Bhutto has been given a fair hearing in his appeal, and by his own statements he will have difficulty rejecting the court's judgment if it finally goes against him. British, French and American lawyers who have examined the case and heard the proceedings are satisfied that the appeal has been fair, but they are also certain that the charges would not stand up in their own courts.

While the evidence may seem circumstantial to Western eyes, Pakistan's law takes account of a traditional tendency to deal directly with one's enemies and where justified aims to convict the person giving the orders. On top of this the incident took place under a regime where "dirty tricks" if not murder were widely believed to be a legitimate part of politics. Certainly Mr. Bhutto was known to be a petty and vindictive man as well as a remarkable leader.

The questions constantly asked concerning political influence on the judges remain unanswered. The judiciary has a reputation for independence in Pakistan, but like all judiciaries has known some poor judges. Not to acknowledge to Bhutto supporters that General Zia, Mr. Justice Mushtaq Hussain (the chief justice at the Lahore trial) and Chief Justice Anwar-ul Haq are close to each other is to appear naive.

In the eyes of many Pakistanis the Bhutto case is not a way of overcoming a political succession problem, but quintessentially an example of holding a political leader responsible for what he did in office. The military government has pressed ahead resolutely with this process of "accountability" on all fronts, punishing former office-bearers by disqualifying them from politics through military tribunals.

The Bhutto case has nevertheless become a salutary example of how not to hand a succession problem, for all the Government's insistent protests that it is just a private case. The uncertainty paralysing the country will continue once the judgment is handed down while General Zia decides whether to commute a death sentence or, in the event of acquittal, to press further charges already in the pipeline. Public reaction will be critical.

Regardless of the outcome, a return to representative government looks as far away as ever. The divisions within the country have deepened. The attempt to build an Islamic order has produced precious little and the economy remains in difficult straits. At the seme time, events in Iran and Afghanistan and the seemingly uncountered moves of the Soviet Union in the region have increased the Government's uneasiness.

Bhutto supporters declare rather arrogantly that if he is hanged the country will break up. Opponents are convinced that his rule brought the country to the brink of fragmentation, and they fear his return. Pakistan's tragedy is that in the absence of national unity and political stability at home and support from abroad, both may be right.

Former chief of BOSS will not be prosecuted

BY QUENTIN PEEL IN CAPE TOWN

Mr. Jimmy Kruger, South Africa's Justice Minister, yesterday refused to overrule his Attorney-General and prosecute Gen. Hendrik van den Bergh, the former head of the South African secret service, for contempt of a judicial commission.

In the face of accusations by the parliamentary Opposition of a deliberate Government cover-up of the ramifications of the Information Department scandal, Mr. Kruger said it would be contrary to tradition to overrule the Attorney-General.

Mr. Kruger was accused by Mr. Colin Eglin, leader of the Opposition Progressive Federal Party, of "making a travesty of the administration of justice."

The Opposition leader launched the traditional motion of no confidence in the Government with an all-out attack on its handling of the information scandal.

He accused the Government of making Dr. Connie Mulder, the former Information Minister, a scapegoat for the misuse of public money in his department, when it must have been known to several, if not all, Cabinet members. Mr. John Vorster the *former* Prime Minister and now state President, Mr. Owen Horwood, the Minister of Finance and Mr. P. W. Botha, the present Prime Minister and Defence Minister were all "responsible for their respective parts in the corruption of a system of parliamentary control."

Pretoria lowers bank rate by 0.5%

BY OUR JOHANNESBURG CORRESPONDENT

THE BANK Rate in South *Africa is to be reduced from* 8.5 per cent to 8 per cent with effect from today, the South African Reserve Bank announced last night.

The move, which follows a considerable easing of interest rates in the markets over the past two weeks, is *another clear move to* stimulate the flagging South African economy.

Bank overdraft rates, as well as building society and post office savings accounts rates, are expected to follow suit shortly.

Anti-Amin group in action

BY JOHN WORRALL IN NAIROBI

A NEW "kill Amin" movement, the Save Uganda Movement (SUM), has gone into action in Kampala, flooding the city with pamphlets headed "SUM is in town—Amin beware." Some pamphlets have found their way to Nairobi, in the possession of exiles.

It is not known whether SUM is responsible for the violence in Kampala on Sunday which continued yesterday. A bomb disrupted electricity supplies on Sunday and the blackout in Kampala continued yesterday. Uganda radio, which had to use its auxiliary generator, made no mention yesterday of the violence.

An oil tank belonging to AGIP was set on fire in the Kampala industrial area on Sunday, and troops patrolling the streets have set up roadblocks. A SUM spokesman in Nairobi said the group claimed responsibility for the explosion and the oil tank fire.

President Amin's reference on Uganda radio on Saturday to a "killer squad" sent into Uganda from Tanzania by Dr. Milton Obote, the former Uganda President, to kill him and other prominent people, may be an attempt to show that SUM comes from outside the country.

The SUM *pamphlet says it* was formed to "kill Amin and his mercenary henchmen." It called on "patriotic soldiers to kill Amin now or he will shoot you like Ondoga, Arube Ochima and many other gallant soldiers." It appealed to civil servants to locate Amin "for killing," and "appeals to the whole Uganda population to prevent Amin from running away."

It reminded Ugandans that "Amin killed Archbishop Luwum, Mr. Benedicto Kiwanuka, the Chief Justice, Mr. Mubiro, the governor of the Bank of Uganda, Mr. Frank Kalimuzo, the Vice-Chancellor of Makerere University, and thousands of other sons and daughters of Uganda."

With the Tanzanian army ranged along the border west of Lake Victoria, and Dr. Milton Obote recently urging the people and army of Uganda to rebel against Amin, pressures against the Ugandan dictator are increasing.

Amin said last week that Tanzanian forces have been shelling up to 18 miles inside Uganda. Last week, Tanzania admitted moving into a strip of Ugandan territory, in hot pursuit of invading Ugandan troops, but has denied attempts at invasion.

AMERICAN NEWS

WORLD TRADE NEWS

Opposition re-groups against Somoza

By Hugh O'Shaughnessy

THE NEXT bout of civil war should not be long coming to Nicaragua. In the months since August and September when the general insurrection against four decades of dictatorship by the Somoza family was smothered by the National Guard of the President, General Anastasio Somoza, there have been few signs of compromise or reconciliation between the Government and the governed.

General Somoza has been unwilling to make any concessions to popular demands that he should leave the presidency and make way for a democratically elected government. The opposition, which includes all currents of political opinion from the conservative to the Marxist, for its part is equally adamant that he must and will go.

The never very promising operation mounted by the U.S., Guatemalan and Dominican governments to mediate between the General and his opponents looks as though it has finally expired having achieved nothing. The mediators have gone home and no one knows when—if ever—they will return.

The opposition is, meanwhile, regrouping itself politically and militarily. Out of the mass of splinter opposition groups that Nicaragua's tiny population somehow throws up the Group of Twelve business, professional and church people is trying to weld a coherent force.

Group of Twelve

The Group of Twelve who occupy a democratic centre-left position and who are in close touch with the Sandinista guerrilla movement are the most popular political group in the country. They are now hard at work trying to put together a Patriotic Front which would include Conservatives, Liberals, Christian Democrats and others who seek an emergent democracy in this tortured Central American republic. Such a front would present itself as a realistic alternative to four decades of Somoza rule, seek international acceptance and coordinate an international boycott of the Somoza regime.

The Twelve argue that Somoza's position would be made impossible if, for instance, an oil embargo was instituted against Nicaragua. Though they acknowledge that U.S. action against General Somoza in the International Monetary Fund and the international capital markets has seriously weakened his position they argue that Washington has moved too slowly and too late against him.

The Twelve meanwhile are considering establishing themselves more formally by starting a Sandinista Party, named like the guerrilla movement, after a nationalist leader of the 1920's and 1930's who resisted the U.S. occupation of Nicaragua and who was killed in treacherous circumstances by President Anastasio Somoza, founder of the dynasty and father of the present head of state.

Sandinista factions

Few realists however think that Somoza will be ousted by political manoeuvrings alone. The Sandinista guerrillas, who are divided into three differing factions, have done their best to sink their differences and have reportedly retrained and rearmed for another bout of fighting. Despite U.S. attempts to dissuade them a number of Latin American governments, including notably that of President Carlos Andres Perez of Venezuela, have been aiding the guerrillas. The Sandinistas have also benefited from the decision of the Havana government to acknowledge that the Sandinistas are in their majority political pluralists and not the Marxist-Leninists that Havana would like them to be. Havana's help to the guerrillas, though not crucial, is useful to them.

Defence chiefs play down cancellation of Iran orders

BY STEWART FLEMING IN NEW YORK

U.S. DEFENCE DEPARTMENT officials and military contractors were yesterday playing down the impact of Iran's likely cancellation of $8bn of orders for military equipment from U.S. companies.

There is greater concern about the effect on the U.S. balance of payments, since military sales to Iran have bulked large in the positive trade balance with that country.

It has been suspected for some weeks that several major orders for military equipment would probably be cancelled, chiefly the $3.2bn order for F-16 fighters from General Dynamics. Between 1980 and 1983, 160 aircraft were due to be delivered, and a follow-on order for another 140 had been expected. So far only 50 aircraft had gone to contract.

Aerospace analysts, such as Mr. Alan Benasuli of stockbrokers Drexel Burnham Lambert in New York, agreed with Government and company officials yesterday over the impact of a cancellation on companies.

It is pointed out that the U.S. is taking 1,388 of the aircraft and 347 more are expected to be sold to Europe and 75 in Israel. Canada is also considering a substantial fighter aircraft order, and could buy the F-16. Deliveries could simply be diverted to other countries.

Contracts are with the U.S. Defence Department Foreign Military Sales Office, which takes payments in advance from foreign nations ordering equipment. It also holds a trust fund from Iran, now totalling $650m, to cover the costs of cancellations and subsequent disposal of equipment.

Defence Department officials suggest that the seven Airborne Warning and Control System (AWACS) aircraft from Boeing which Iran was expected to buy for $1.1bn may also be sold elsewhere, perhaps to NATO.

The most immediate loss of revenue could affect McDonnell Douglas, which is likely to see an order for 16 RF 4 E reconnaissance aircraft cancelled. These are the last of a batch for Iran, of which 200 have already been delivered.

The contract is worth $175m, the company says, but since 5,000 of the F-4 Phantoms have already been delivered, cancellation would have only a slight impact.

It is estimated that Iran has bought or ordered $20bn of U.S. military equipment in recent year. Iran could now virtually disappear as a customer.

Last year, moreover, military exports to Iran are estimated to have accounted for about a third of the U.S.'s $3.4bn export earnings from Iran and the figure was rising sharply.

U.S. export sales are likely to slump sharply, but the U.S. will have to replace the $3bn of oil, or 5 per cent of consumption, it imported from Iran with oil from other sources, unless it can cut consumption.

Trudeau gives in over dollar

BY VICTOR MACKIE IN OTTAWA

MR. PIERRE TRUDEAU, the Canadian Prime Minister, has capitulated to Opposition demands that the Governor of the Bank of Canada be called before a committee investigating the serious decline of the dollar.

Mr. Joe Clark, the Opposition leader, led three days of attacks on Mr. Trudeau, who had refused to allow the Finance Committee to look into the dollar's decline, offering instead a debate in the House of Commons.

Yesterday Mr. Trudeau gave in and Mr. Gerald Bouey, the governor, will appear for three hours today to answer questions on soaring interest rates and the dollar's fall.

Yesterday Mr. Trudeau met ten provincial premiers at the second constitutional reform conference to be held within three months, amid reports that a consensus could exist over a few of the issues. The conference will continue for two days and may provide a springboard for the Prime Minister to call an early general election, perhaps in April.

Mr. Joe Clark . . . wins dollar investigation

Mr. Trudeau yesterday bitterly condemned the separatist Parti Quebecois government of Quebec. He accused it of preparing to perpetrate a swindle in the province's referendum on independence, expected next year.

A separation from Quebec would mean the end of Canada, with the other provinces "falling into the lap of the United States," he said. "I think that inevitably and sooner rather than later, the constituent parts of Canada would fall back into their north-south axis . . . and would fall into the American lap."

Changes in new strip mining law

BY JOHN WYLES IN NEW YORK

THE DEPARTMENT of the Interior is expected to publish new regulations for the strip mining industry later this month which will partially reflect the tensions within the Administration between environmentalists and economists.

The regulations are the first attempt to establish minimum uniform environmental standards for strip mining, under the Surface Mining Control and Reclamation Act of 1977. The legislation, passed with much fanfare from the White House, won the acclamation of environmental lobbies.

The Department of the Interior first published proposals last September which spelled out coal mining companies' responsibilities for restoring land after strip mining. But it emerged early last month that White House economists, anxious to attack the inflationary impact of federal regulations, had voiced strong criticisms.

They claimed that the regulations would add $2bn a year to the cost of coal by 1985. The environmental lobby, sensing a betrayal, challenged in court the right of the White House to interfere in preparation of the regulations, but were defeated.

Last week the Office of Surface Mining produced new proposals, which should become final later this month. They tend to give companies more latitude in achieving the goals laid down by the legislation. Environmental activists have alleged the Department of the Interior is shying away from its responsibilities.

Farmers' tractorcade disrupts Washington

BY DAVID BUCHAN IN WASHINGTON

HUNDREDS of tractors trundled early yesterday onto the streets of Washington in a massive demonstration organised by the American Agriculture Movement, aimed at getting the Administration and Congress to raise farm prices.

The 2,000 strong "tractorcade" severely disrupted morning traffic and by midday had reached Capitol Hill for a protest rally. The AAM, some of whose members had driven their tractors for several weeks from Texas and California, vowed to keep the tractors in Washington until it achieved its aims.

Its chief demand is the raising of farm commodity prices to 90 per cent of parity. This "parity" is a measure of where farmer's incomes were in relation to those of other workers just before the First World War.

Concern about food price rises has in the past year increased both in the Administration and in Congress, as political pressures to help the farmers have slackened. President Carter raised the target prices for some grain commodities slightly last autumn, but made it clear he intended to take no further action in view of inflation, and the improvement last year in farm incomes.

These increased, with the help of a bumper 1978 corn crop, to a net figure of $28bn.

1977 was a bad year, and that farmers' incomes are well down AAM spokesmen argue that from the $33bn level in the record year of 1973.

104 die in Brazil flood

By Rik Turner in Sao Paulo

CONTINUAL RAIN for 25 days has caused heavy flooding in the Brazilian states of Minas Gerais and Espirito Santo, with a death toll so far of 104, and 55,000 left homeless. A state of "public calamity" has been declared in 140 towns in the two states.

Damage to property, not counting agricultural losses, is estimated at 1bn cruzeiros (£25m) in Minas Gerais, and 250m cruzeiros in Espirito Santo.

The areas worst hit so far are the valleys of the rivers Rio Doce, Jequitinhona and Sao Francisco. The latter has reached within 60 centimetres of the top of the important Tres Marias dam, whose sluice gates have been opened, aggravating the problem downstream.

U.S. considers oil swap

BY DAVID LASCELLES IN NEW YORK

THE DEPARTMENT of Energy may ask Congress to approve exports of Alaskan oil to Japan, under a complicated swap arrangement with Mexico, to drain the oil surplus on the U.S. West Coast. The department is still cautious about the plan, and will say only that Alaskan oil exports are "under review."

The law on oil exports is strict, and all shipments must receive Congressional approval, generally refused because of the U.S. oil deficit. Thus Alaskan oil, now produced at a rate of 1.2m barrels a day, must be consumed domestically, even though there is no proper distribution system.

Because of environmental objections, there is no major pipeline to take the oil from the Pacific to the central U.S. and across to the East Coast, where demand is greatest. So oil is piling up in California or being transported to the east at great cost through the Panama Canal.

Under the department's plan, some Alaskan oil would be shipped to Japan in return for a like amount of Mexican oil exports to Japan being shipped on to the U.S. Apart from saving both the U.S. and Japan thousands of miles in transport costs, this would rationalise the flow of energy from supplier to consumer, along the lines of the gas swap agreement involving Iran, the Soviet Union and West Europe.

But the proposal would have to clear several hurdles. Congress has been hostile to exporting U.S. oil when the U.S. imports nearly half its total consumption. However, the department believes Congress is now less opposed than it was 18 months ago.

Mr. James Schlesinger, the Energy Secretary, said during testimony to the Senate Energy Committee last month: "We have tried to soften Congressional resistance to such swap arrangements," and several Senators indicated that they were more favourably disposed towards the idea.

Of the two pieces of legislation which restrict Alaskan oil exports, one, an amendment to the Export Administration Act, will expire in June, providing an opportunity for a new debate on controls.

If the plan were to go ahead, it would raise questions about its effect on British Petroleum's majority-owned subsidiary Sohio, which is the major Alaskan producer.

Sohio is seeking approval for a pipeline from Long Beach, California, to New Mexico, to carry its oil east and avoid the costly Panama route. This would presumably be affected if the oil was re-allocated to Japan. However, the department's proposal may specify that only oil in excess of present production should be exported, meaning that Sohio's plans would not be hit.

AP adds from Caracas: Venezuela's oil production, on which it depends for nearly 95 per cent of export earnings, continues at a high level early in 1979, according to the Energy and Mines Ministry.

Average daily production this year up to January 30 was 2,282,685 barrels.

The Government has set a 2.2m barrel-a-day ceiling as a production average for the full year, to conserve reserves.

U.S. move to ease curb on Communist trading

By David Buchan in Washington

LEGISLATION allowing the U.S. to grant tariff and trade concessions more even handedly between the Soviet Union and China was proposed yesterday by Senator Adlai Stevenson, chairman of the Senate banking sub-committee on international finance.

The 1974 Trade Act, under the Jackson-Vanik Amendment, bars most favoured nation tariff treatment or Export-import Bank credits to Communist countries that do not allow free emigration. The Carter Administration believes China's emigration policy is liberal enough to pass this test. So do certain key members of Congress, including Senator Henry Jackson, one of the original restriction's co-sponsors.

Senator Stevenson, arguing that an even handed policy by the U.S. towards Russia and China might prevent the exacerbation of tensions between those two countries, has proposed modifying the language of the Jackson-Vanik Amendment to give the Russians the trade credit and tariff concessions promised them in 1972 by the Nixon Administration, but since withheld by Congress.

The Stevenson Bill, which has the Administration's tacit support, would allow President Carter to waive the trade restrictions if he "determines" Soviet emigration practices are satisfactory. Jewish emigration from the Soviet Union has recently increased, with 5,000 leaving in December alone.

Senator Stevenson has also proposed a $2bn ceiling on Export-import bank loans and guarantees to any one Communist country. Under current law, there is a limit, albeit notional of $300m on Export-import bank credits to the Soviet Union, while there is none for China.

MFN tariff status and Eximbank credits for China would form part of the trade agreement, which Mrs. Juanita Kreps, the U.S. Commerce Secretary is to negotiate in Peking in April. Credits, both Government and commercial, and tariff concessions, to allow the Chinese to increase their hard currency export earnings, are considered essential if China is to be able to pay for all the technology the U.S. is hoping to sell it.

Bahrain hospital

IBIS Medical, a British hospital contractor, yesterday handed over on schedule a £9m 129-bed military hospital at West Riffa for the Bahrain Defence Force. The hospital is 90 per cent British equipped. IBIS was backed in the project by consulting engineers Alistair McCowan and Associates, and YRM International, as architects and planners.

Renault may supply car engine parts to S. Korea

BY TERRY DODSWORTH IN PARIS

RENAULT, THE French motor company, is looking into the possibility of a licensing agreement to supply parts to the expanding South Korean motor industry.

The group has been asked to tender for the contract by Hyundai Motor, the Korean company which went into production with its first vehicle, the Pony, about two years ago.

Contacts between the two groups, which followed similar talks between Hyundai and Volkswagen of West Germany, are connected with the decision of the South Korean company to expand its car building activities.

According to reports from Korea, Hyundai is planning to invest in a new plant capable of producing vehicles at rates close to the norm of the Western European or Japanese industries of about 300,000 units a year. Some 150,000 of these vehicles are expected to be aimed at export markets.

The new car will be basically designed in South Korea, unlike the Pony, which was styled and conceived by Western European specialists. But Renault says that it will be putting together proposals for a project to supply mainly engine components to Hyundai.

It is not clear as yet what the Koreans are planning for the mechanical units of the car, although in the past they have bought in designs and parts from foreign manufacturers.

The departure of Renault's technical team to South Korea within the next few weeks, follows a year of intensifying activity for the French group overseas.

In this period plans have been announced to double its manufacturing activities in Turkey and Mexico, and to develop the Portuguese motor industry.

More recently it has signed an agreement in the U.S. which will give it access to the American motor sales network, eventually leading to the assembly of its cars in North America.

The next logical step in this development overseas would be in the Far East where much of the growth of the world's motor industry is expected within the next decade.

'Rent-a-Rolls' scheme for Japan

BY YOKO SHIBATA IN TOKYO

ROLLS-ROYCE Silver Shadows will be available for rental for the first time in Japan from February 19 at the newly established Tokyo company Rolls-Royce Rent-a-Lease.

A private real estate company Hayashida Kosan has bought five new Silver Shadows costing Y20m each (or about £50,000) through a Japanese importer Cornes and Co. A Silver Shadow will be available for a rental charge of Y50,500 including a basic rental charge of Y50,000 per half day (£125) up to 200 kilometres and Y9,500 for insurance. An ordinary Japanese car rental costs Y13,000 for half a day.

The company has calculated the rental rate on the premise that the price of the cars will be recouped in five years time, at an operating rate of 50 per cent.

Despite the large investment, including Y100m for purchasing the five Rolls-Royce cars and another Y30m for maintenance of the cars, the company still considers the venture profitable because it says Rolls-Royces will gain vintage value in Japan over the years.

Mr. Kumaichi Hayashida, president of the rent-a-car company, himself a Silver Shadow owner for the last three years said "because it is a rare car in Japan (only 400 vehicles) Rolls-Royce always draws attention and envy which satisfies the driver's vanity. Only people with a Rolls-Royce experience such satisfaction," he added.

Meanwhile, a survey by Toyota Motor Sales shows that sales of imported vehicles, mostly passenger cars, in Japan in 1978 rose 20 per cent to a record 50,374 from 41,821 in 1977, based on new car registration statistics, Reuter reports.

The 1978 sales comprised 15,213 American cars, down 2.5 per cent from a year before, and 35,161 European cars, up 34.1 per cent.

Factors behind the rise included the elimination of tariffs on imported cars last March, the yen's sharp appreciation against the U.S. dollar, and the Japanese car dealers' decision to abandon their high-margin, low-volume sales policy, Toyota said.

It added that the sales of British and French vehicles in 1978 rose 121 per cent and 103 per cent from a year earlier to 2,107 and 1,350 respectively. This sizeable growth is attributed in part to the efforts made by British Leyland and Citroen to reinforce their sales networks in Japan.

Islamic defence conference opens

BY ANTHONY McDERMOTT

THE OPENING yesterday of the first Islamic defence conference at the Heathrow Hotel, London, attracted a strong interest in military sales. A total of 19 companies from Europe to the U.S. and South Korea are represented at an arms exhibition accompanying the conference, which ends on Friday.

The conference, at which 17 Islamic countries (notably not Iran) were represented, was opened by Mr. Salem Azzem, the Saudi president of the Islamic Institute of Defence Technology, set up last year.

His speech was followed by a message from General Zia ul Haq, the Pakistani President, who was unable to attend because of "some pressing commitments at home."

This was followed by a speech by Dr. Necmettin Erbakan, a former Deputy Prime Minister of Turkey and leader of the Islamically oriented National Salvation Party.

Constant themes in the speeches were that there should be greater Western understanding of Islam and the recent Islamic resurgence; that there was no need for apprehension at this revival; that there should be closer co-operation between the Moslem world and the West, specially in the field of advanced technology, and that Islamic countries needed strong defences to preserve social stability.

Scotland Yard forbade detailed reporting of the arms display. However, exhibits ranged from bullet-proof vests to missiles and advanced aircraft.

In the first edition of the magazine of the Islamic Institute of Defence Technology, the estimated defence spending in the 1978-79 budget of 42 listed Moslem countries, amounted to $36.3bn (£18bn), of which Saudi Arabia, Iran, Egypt, Nigeria, Turkey, Indonesia, Syria, Iraq and Pakistan accounted for about 90 per cent.

No less than 10 Swedish companies were represented, and Ferranti was the best-known British company there.

LOW AIR FARE CONFRONTATION

Qantas-BA duopoly angers ASEAN

BY PHILIP BOWRING IN SINGAPORE

EXTRA CHEAP advance purchase excursion air fares between Australia and the UK and the west coast of the United States began on February 1.

But this step towards the liberation of Australia from the tyranny of distance has upset its relations with its South East Asian neighbours.

Australians have been quite taken aback by the storm that the new deal has triggered from the five ASEAN nations led by Singapore. It reflects, and could influence, significant developments in international civil aviation partly spurred by "Lakerism."

The ASEAN nations, notably Singapore, are worried at the effect of the new fares in their own airlines and on their tourist traffic originating from Australia. Specifically they charge that the new low fare arrangements are:

● Highly protectionist in that third country carriers are excluded. Thus Qantas and British Airways have a duopoly on the low fare Australia-UK route. This will cause ASEAN carriers to lose much of the traffic that they handle at present.

● That because the new fares do not allow stopovers, South East Asian countries will lose much of the tourist business they currently gather from Australians staying for a few days in Asia en route to the UK.

Although they prefer not to say so too loudly, the ASEAN countries, especially Singapore, are as much concerned at the spread of the principles involved in the new Australia-UK arrangements as they are about the Australian traffic itself.

A combination of consumer demand for cheap fores, national carrier protectionism and technical developments in aviation may be combining to erode the advantages that South East Asia enjoys as a link between east and west, north and south.

Exploitation of this link has helped the rapid growth of regional carriers and, to a lesser degree, tourism itself.

Up to now ASEAN has presented a united front in opposing—without much success—the Australian fares policy. There clearly is an identity of commercial interest between the five nations.

But the Australians have been trying to exploit some potential divergence of interest between them, notably between those countries concerned

Residents in the seaside resort of Port Dickson, in Malaysia, 110 kilometres south-west of Kuala Lumpur, have complained about sonic booms which, they say, are caused by Concorde aircraft passing over the Straits of Malacca between Singapore and London. In a telegram to the Friends of the Earth Society of Malaysia, a Port Dickson resident urged the FESM to register a strong protest with authorities.

mainly with tourism and those — principally Singapore — at least as concerned with the airline business per se.

Some of the partners are also privately critical of Singapore's sharp reaction to the present situation.

There have been threats of retaliation and calls for boycotts of Australian goods. Indeed, Singapore ministers, who normally treat third world sentiment with some distaste, have been saying this is a north-south issue and that Australia be "exposed" at UNCTAD.

Singapore is about the last country which would cut off its nose to spite its face, but the amount of noise it has been making illustrates how important it feels the airline business is to its economy.

Defensive move

The origins of the dispute lie in the political pressure for low fares that "Lakerism" generated in Australia. A new cheap fares policy put forward last year by Qantas was essentially a defensive response to Laker.

But the airline saw that it could at one stroke keep out Laker himself and at the same time win back some of the traffic which it had been losing to other carriers.

British Airways was also more than content with a proposal that neatly carved up the traffic. So Australia and the UK produced a cheap fare deal confined to national carriers, a duopoly that is a blatant example of airline protectionism. It is also a direct assault on third country carriers offering better in-flight service and non-IATA perks.

For public consumption at least, ASEAN has been making more of a fuss about stopovers than about airline exclusivity. Some see this as a shrewd move by Singapore to keep the support of its partners who are probably more concerned with tourism than traffic rights.

There is nothing new in stopovers not being allowed under advance purchase excursion fares. That has applied on the Australia-UK advance purchase fare which has been operating since 1977.

What is causing the row is that the new advance purchase fare is now so much lower than the normal excursion fare, which allows limited stopovers on payment of additional fees, that stopovers will become relatively much less attractive unless these fares are also reduced.

Discussions have been going on between Australia and the UK on new stopover excursions. But any agreement will also have to involve the ASEAN countries concerned. An interim solution may be reached but in the longer run an entirely new fares basis may have to be found.

Australia is arguing that the stopover fare should consist of two end-to-end cheap excursion fares — say, Sydney-Bangkok return plus Bangkok-London return. Such a structure would almost inevitably result in passengers having to pay a substantial stopover premium.

It would also mean that ASEAN countries would have to negotiate their own low fare structures with European countries, who in turn might also demand duopolies.

The Australian move looks quite shrewd. It is forcing the ASEAN nations to talk about lower fares. At the same time, by pushing the duopoly concept, it is hoping to soften ASEAN solidarity.

Some ASEAN airlines might benefit from such an arrangement. At the same time, unless the ASEAN nations can agree a common policy with the Australians they will all lose tourist traffic growth because of the Australian tourist preference for multi-destination tours of South East Asia.

ASEAN is likely to maintain its superficial unity on the aviation issue. It has invested too much of its own credibility to do otherwise. But it is on the defensive.

The emphasis now in international civil aviation is on low cost, high volume end-to-end traffic. It is a trend that is being accelerated by the appearance of very long haul aircraft.

Aviation centre

Singapore is not going to be by-passed completely. Airlines still have to refuel somewhere. Facilities in Singapore are excellent and will be better still when the new Changi Airport opens in two years' time.

Bangkok is anxious to win back some lost ground as a regional aviation centre, especially as aircraft can once again overfly Indochina. But it has its drawbacks, including peak-time overcrowding.

But the Laker revolution as modified by national carrier protectionism is altering the fundamentals. It is eroding the easy growth conditions that South East Asian airlines have enjoyed in recent years on intercontinental routes.

If they are to continue to grow as rapidly as in the past, they may need to concentrate more attention on their own backyards where "Lakerism" is badly needed. Australia and the South East Asia region have one aviation characteristic in common—inordinately expensive local fares.

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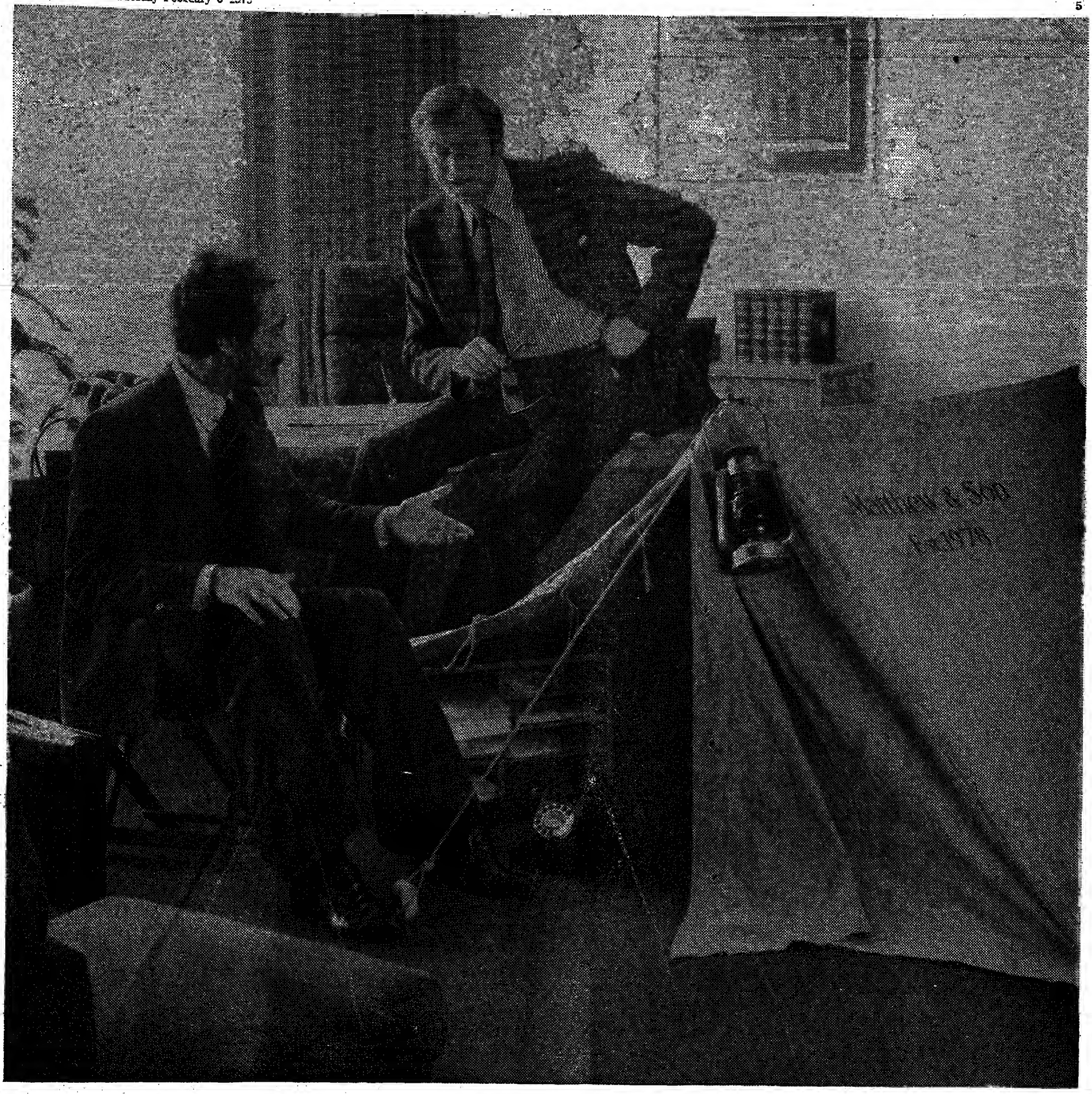

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New oil hope in North Sea find

By Kevin Done, Energy Correspondent

PHILLIPS PETROLEUM has boosted the prospects for the commercial development of its Toni/Thelma oil find in the North Sea with encouraging results from the latest appraisal well.

The well, the seventh to be drilled on block 16/17, close to the median line with the Norwegian sector, flowed 3,012 barrels of oil a day in one test along with 5.28m cubic feet of a gas.

The results were less conclusive than had been hoped, however, because later tests had to be abandoned due to a lack of vital safety equipment. Hydrogen sulphide gas was present as well as natural gas and crude oil when a higher rock stratum was tested, but the drilling rig, Pacesetter One, lacked the equipment to test the find safely.

Block 16/17 is proving to be one of the more geologically complex areas of the North Sea and Phillips has decided to press straight on with a further appraisal well, the eighth on the Toni/Thelma find.

The seventh well was drilled to a depth of 14,970 feet.

The crude oil was tested in the Middle Jurassic rock stratum, the same zone that produced oil from tests in the fifth and sixth wells, which flowed at 4,000 and 2,957 barrels of crude oil a day and 20m and 1.26m cubic feet of gas a day.

The rig ran into difficulties on the latest well when it tried to test the shallower primary Upper Jurassic stratum. This was the level which produced highly promising flows from the earlier Toni and Thelma wells of 16,100 and 10,000 barrels of oil a day.

Hydrocarbons were produced at this level too in the latest well, but the presence of the hydrogen sulphide ruled out more conclusive testing.

Phillips, with a 35 per cent interest in the block, is operator for a group that includes Petrofina, 30 per cent, Agip, 17.83 per cent, Century Power and Light, 8.6 per cent and Oil Exploration (Holdings) 8.52 per cent.

Inmos offered nearly 100 sites for factory

BY MAX WILKINSON

NEARLY 100 local government bodies are competing to offer sites for the first UK factory of Inmos, the National Enterprise Boards micro-electronics subsidiary.

Local councils and regional development organisations are vying to produce a combination of attractive sites, financial inducements and political pressure. The prize is 1,000 jobs, which the factory is expected to create when it starts production in two-and-a-half years' time.

The company expects to be offered a choice of 150 possible sites in about 100 separate submissions. Interest and political feeling have been running so high that Inmos has been obliged to extend the deadline for receipt of submissions. The closing date set by its consultants, PA International, was originally February 10, but it has been extended by "up to two weeks."

Inmos was established by the NEB last year to mass-produce electronic micro-circuits for the international market. It is expected to concentrate in its earliest phase on high density components for computer memories and on micro-computers. In the longer term the company says it hopes to provide 4,000 jobs in four factories in the UK. The funding of Inmos is expected to reach a peak of £50m.

The latest submission is from Tyne and Wear County Council and the five metropolitan district councils in the area. The 200-page submission offers eight possible sites which are all said to be "tailored to the requirements of Inmos."

Tyne and Wear is also offering what it describes as a unique financial inducement, which could give Inmos a subsidy of about £9m, or about 30 per cent of the cost of setting up the factory. The Tyne and Year Act, 1976, allows the council to offer a factory rent-free for up to five years, with rate and interest relief and subsidies for land acquisition.

Mr. Michael Campbell, chairman of the council, says the submission makes an "irrefutable case for Inmos to locate its production units in this county."

Mr. Brian Stevens, Inmos's administration manager, however, took a cautious line yesterday on the selection. He said the 150 possible sites would have to be reduced to 10 or 20 for closer analysis. He expected a final choice between May and June.

The great interest shown in Inmos by local councils is in some ways surprising, because semi-conductor plants are highly automated and provide relatively few jobs for unskilled labour. The crucial requirement of Inmos will be for highly skilled scientists, technicians, and computer operators.

Such experts are in short supply in both the UK and the U.S. Inmos will therefore need to locate its plant in an area attractive to well qualified graduate scientists.

It has already announced that its UK headquarters and technology centre will be in Bristol. A site near Bristol for its first production unit would, therefore, be convenient.

The company's pilot production will start in Colorado, U.S., in about 15 months. Mass production will then be transferred to the UK.

Groups welcome Belvoir inquiry

BY JOHN LLOYD

ENVIRONMENTAL groups in the Vale of Belvoir, where the National Coal Board plans a £500m mining complex for the late 1980s, have welcomed the announcement of a planning inquiry, and the choice of its chairman, Mr. Michael Mann, QC.

The groups say that Mr. Mann would be sympathetic to the "topic by topic" approach—where each issue thrown up by the development is dealt with in sequence — which has been adopted for the inquiry.

It is likely that the groups, who have retained legal representation and expert advice, will want to add to the list of topics at the pre-inquiry meeting, planned for late April.

However, they are pressing for the inquiry to be held at one site in the Vale rather than, as is presently planned, at a variety of sites, including possibly Nottingham and Leicester.

The groups say that the village of Hose, which is in the centre of the planned development, has adequate facilities for the inquiry, and that its choice as a site "is only fair to all the locally affected people and the authorities involved."

P and O ship sales cost 150 jobs

BY LYNTON McLAIN

OVER 150 officers and shore staff were made redundant by the Peninsular and Oriental Steam Navigation Company last year as a direct result of the sale of ships.

P and O sold seven of its 20 general cargo ships last year. Total sales, including the sale of the 29,871 gross registered tons cruise ship Arcadia for scrap, raised at least £25m.

A further 90 jobs were lost through natural wastage. There may be more sales of uneconomic ships this year, but 1978 was regarded as a peak year. Some of the ships, of about 12,000 deadweight tons, were over 18 years old and had reached the end of their economic life within P and O.

The new container ships entering service with shipping lines are between three and four times as efficient as older general cargo vessels.

Second mortgage business for UDT

By Michael Lafferty, Banking Correspondent

THE independent finance house, United Dominions Trust, which is still receiving support from the Bank of England's "lifeboat" fund, is entering the second mortgage business.

UDT will now lend amounts of up to £10,000 for genuine home improvements, and repayments can be spread over a period of up to ten years. Loan interest will be charged on a monthly basis against tha reducing balance on the loan account. The initial rates will be 1.8 per cent per month for secured loans—giving an annual rate of almost 24 per cent—and 2 per cent per month for unsecured loans.

One of the features of the package, which is called the UDT Loan Account, is a guarantee that interest rates will not go higher for the first year of any loan. In addition, should a borrower die during the period of the loan, UDT will cancel the outstanding balance under a life assurance acheme.

The move comes shortly after another leading independent finance house, Lloyds and Scottish, entered the second mortgage business as a result of its purchase of Cedar Holdings.

UDT said yesterday that after reappraising the market it had decided that second mortgages was "a good business in which they should be involved."

New effort to save Kirkby

By Our Industrial Editor

A NEW attempt to save the Kirkby Manufacturing and Engineering workers' co-operative from closure is to be tried after a meeting yesterday between the co-operative's leaders and Mr. Alan Williams, Minister of State for Industry.

The Government last week rejected a request for up to £6m in loans and grants to maintain the co-operative's central heating radiator and other production.

The co-operative's leaders are considering submitting a fresh application based on financial help from the private sector as well as the Government. The alm would be to preserve the co-operative structure.

'Silver bankers' petition hearing date

EVIDENCE IN the Department of Trade's petition for compulsory winding up of "silver bankers" Kendal and Dent is expected to be completed in time for a full hearing on February 26, tha High Court heard yesterday.

The petition was first before the court on January 22. Its allegations, including insolvency, are all denied by the company.

Last week, applications by the company for the discharge of the Official Receiver as provisional liquidator and for leave to resume trading, pending the hearing of the petition, were adjourned until next Monday for further evidence.

Steel users want BSC to shut high-cost plants

BY ROY HODSON

THE GOVERNMENT'S handling of the nationalised sector of the steel industry has been strongly criticised by steel users. Their statement will be delivered to the National Economic Development Council's industrial strategy meeting, chaired by the Prime Minister.

Minister tomorrow.

The British Steel Corporation is finalising further plans for closing unwanted steel plants among its group of high-cost works—Bilston, Consett, Corby and Shotton—and may announce proposed cuts in the next few days.

But the steel industry's customers fear that the cuts will be diluted by fierce union opposition to job losses within the corporation.

The Cabinet is not prepared to assume direct responsibility for shedding thousands more steel jobs by having the Department of Industry take control of a new steel closures programme.

Although 17,000 steelmaking jobs have been shed within the past year, the Government has so far avoided industrial trouble by having BSC agree all closures with the unions at plant level.

Companies representing about half of Britain's steel-using industries are now claiming that the BSC would have no difficulty in increasing its market share at home and abroad if it concentrated production at its most modern plants and closed old works.

Sir Richard Marsh, chairman of the British Iron and Steel Consumers' Council—which includes the motor manufacturers, the civil engineering companies, the can-makers, the forgers, and the process plant manufacturers—introduces a closely-reasoned argument for rationalising British Steel.

The Government has been told: "BSC's undoubted potential must not be wasted as a result of the maintenance of outdated attitudes and the preservation of old, high-cost facilities, to the long-term damage not only of the steel industry but also of its customers and the economy as a whole."

Problems

After production problems a few years ago, the BSC has been left with slightly less than 55 per cent of the home steel market. A number of the bigger steel-using industries insist upon maintaining "second source" suppliers from the Continent as an insurance.

The steel users accompany their new analysis with a warning to the Government that unless the competitiveness of British Steel is increased their businesses will be weakened and the whole UK economy will suffer. They claim to employ 20 times more workers than the BSC.

Their criticisms include:

- All EEC countries, except Italy, have cut their steel industry manpower by more than Britain since the onset of the steel crisis in 1975.
- Britain is the only EEC country in which labour productivity in the steel industry declined between 1976 and 1978.
- British steel industry hourly labour costs are the lowest in the EEC but, over a wide range of products, BSC's prices are among the highest in the Community.
- Continuing labour disputes, and the threat of them, discourage steel-using industries from placing greater reliance upon UK sources.
- The consistency of quality in some BSC goods—notably strip mill products — is still below that consumers can obtain from overseas suppliers.
- British Steel does not have the facilities to supply the qualities of steel that consumers need in some products such as heavy plate.

The industries represented on the British Iron and Steel Consumers' Council want the new Government industrial strategy to take into account their argument that the nationalised steel sector's potential must not be wasted as a result of outdated attitudes and the preservation of old, high-cost facilities.

Shops spending more buoyant than expected

FINANCIAL TIMES REPORTER

SPENDING IN shops was even more buoyant in December than estimated provisionally by the Trade Department.

Final figures show that trade increased by 3 per cent between November and December, instead of the 2.8 per cent rise estimated provisionally. The largest increases were in the clothing and footwear sector, where volume was up almost 10 per cent. The sales of durable goods were ahead by 4 per cent after having dropped steadily since the summer.

Figures from the department yesterday, showed that the final index of volume of retail trade in December stood at 113.8 (1971=100).

The December figures appear to have been influenced by the tax-free bonus for pensioners and the back-dated reduction in income tax.

In the fourth quarter of 1978, the volume of retail sales was 1 per cent higher than in the previous quarter. The average level of trade during the year as a whole was about 5½ per cent above the annual average for 1977.

Indications that growth is slowing down or levelling off come in the monthly figures for hire purchase and instalment credit, also released by the department yesterday. Lending by finance houses was lower in December than in recent months, while lending by retailers is back at October levels.

Finance houses and retailers advanced £449m of new instalment credit in December, after allowing for seasonal factors. Total advances in the fourth quarter of 1978 were about the same as in the third quarter. Lending by finance houses increased by 3 per cent between the two quarters. Lending by retailers decreased by 3 per cent.

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by		Total debt outstanding (unadjusted)	Retail Volume (revised)	
	Finance Houses	Retailers		Total	Durable goods shops
	£m	£m	£m	(1970=100)	
1976 1st	340	493	2,349	105.9	117
2nd	382	490	2,424	106.7	122
3rd	392	521	2,516	107.2	125
4th	421	547	2,716	106.1	126
1977 1st	457	550	2,792	103.3	115
2nd	486	561	2,930	102.4	118
3rd	544	605	3,108	104.2	121
4th	585	604	3,341	104.7	122
1978 1st	630	633	3,507	106.4	124
2nd	722	676	3,797	107.9	129
3rd	705	724	4,030	110.7	134
4th	726	699	4,300	111.7	134
August	253	240	3,953	111.7	133
September	238	240	4,030	109.6	133
October	243	227	4,109	110.2	132
November	263	243	4,238	110.5	132
December	220	229	4,300	113.8	137

Faience figure of priest brings £11,500

BY ANTONY THORNCROFT

A STRASBOURG faience figure of l'Abbe de Cour (pictured above), made around 1746, brought £11,500 at Christie's yesterday in a sale of Continental pottery and Italian maiolica which totalled £78,998. Seemingly the only known figure of l'Abbe in existence, it was bought by a Continental collector.

At Sotheby's, Mrs. Elizabeth Bligh's own first edition of her husband's account of the Mutiny on the Bounty fetched £1,100.

Top price in the book sale was the £16,000 from a Swiss buyer for Lory's *Souvenirs de la Suisse*, published in 1829 with 29 hand-coloured prints. A second folio of Shakespeare, of 1632, made £4,500.

At Christie's South Kensington silver sold for £13,197.

Standards 'will make playgrounds safer'

BY JAMES McDONALD

THE BRITISH Standards Institution has published two new standards for the safety of playground equipment.

The standards make general recommendations for installation and give remedies for particular playground hazards.

The BSI yesterday explained the problems: "The most foolproof design will be a failure if it has no play appeal." Yet successfull playground favourites, which provide comparatively harmless adventure, may present unacceptable dangers without proper siting, supervision and maintenance.

Parts two and three of the standard are now published but Part one—dealing with performance requirements — depends upon completion of a research programme and will be published later.

Part two establishes broad principles for cutting potential hazards, and deals with materials and components. It also limits the possible free fall height from any piece of apparatus to 8 ft.

This decision has already affected designs by manufacturers wishing to keep in line with the standard.

Swings present such obvious hazards that until now the only foolproof precaution has been total enclosure and supervision of the swinging area.

The BSI said: "Perhaps the commonest causes of falls are children running into the path of movings swings and falling (or being pushed) from slides. To alleviate this it is recommended that swings should be sited on the perimeters of playgrounds and be enclosed by safety barriers. Wherever possible, slides should be of the embankment type."

Manufacturers of playground equipment—following a circular in October from the Environment Department—had already indicated that they wished to co-operate, the institution announced. The Environment Department said that the Government gave aid to many local authorities for playgrounds.

The new standard is not retroactive. But it provides a check list for daily visual inspection.

"BS 5696," BSI Sales Department, 101, Pentonville Road, London, N1, Part 2—£6.40; Part 3—£2.70.

House starts likely to reach five-year low

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE NUMBER of private houses started this year is likely to be the lowest for five years, according to the House-Builders' Federation.

Mr. Donald Moody, president of the federation, said in London yesterday that matters looked serious and predicted that the number of private house starts this year would be as much as 15 per cent below the 1978 figure, about 130,000 compared with an estimate of 150,000.

He pointed out that last year's government review of housing policy projected an annual rate of about 170,000 by the end of this decade.

The federation attributes the difficulty chiefly to constraints on mortgages and the acquisition of suitable land.

Mr. Moody said that building societies were unlikely to lend the £700m a month agreed with the Government as the first-quarter target this year. Lending could be expected to remain at around £650 a month, leading to as many as 20,000 fewer mortgages for new houses than last year.

He emphasised that builders' confidence about sales prospects had weakened during most of last year, while lending restrictions were in force and said that even if societies recovered later this year that would be too late to affect the new house-building rate.

He criticised the joint advisory committee — the monthly forum of the building societies and the Government — for failing to establish stable mortgage finance. For much of last year, he said, societies bad been forced to lend for nnn-house purchase activities because of the ceiling on mortgage advances. Had the money been held in reserve, be added, it could have been helping to clear accumulated demand.

Mr. Moody suggested that the advisory committee had not kept down prices and said that its interference in the housing market wmuld create rather than resolve difficulties. He said he would be pressing for federation membership of the committee so that the industry could join discussions which were central to its prospects.

Mr. Moody said he was concerned about the building societies' ability to continue to attract the money required for lending over the next few years. That point must be debated and resolved if house builders were to bave any confidence about longer-term prospects.

But land availability remained the most serious long-term consideration. The Community Land Act, he said, had "failed utterly" to contribute to the supply of housing land.

Welsh agency takes a £2m stake in gelatin group

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WELSH Development Agency has taken a £2m stake in P. Leiner and Sons, of Treforest, mid Glamorgan, one of the world's leading manufacturers of gelatin, to belp to finance the company's capital spending programme and to assist its expansion.

The £2m, the agency's biggest single investment so far, is in the form of a £1m, or 22 per cent, ordinary share holding in the company and a £1m in redeemable cumulative preference shares.

Competitiveness

Announcing the investment, Mr. Ian Gray, the agency's managing director, said: "The Leiner group has embarked on a major programme of capital expenditure to maintain ita competitiveness in its bighly specialised field and to consolidate Its position among the world's top three gelatin manufacturers."

Leiner moved to Wales in 1937 as one of the first tenants nn the Treforest industrial estate. It occupies a 24-acre factory complex, employing more than 500 people.

Leiner gelatios are widely nsed in the pharmaceutical, food and photographic industries and the company exports its products to more than 50 countries. The developmeot agency's investment is in Leiner's gelatin manufacturing activities in which the group has invested £5m over the past five years. It also produces at Treforest soft-shell gelatin capsules for the pharmaceutical, health food and cosmetics industries. Leiner's engineering company makes encapsulating machinery, which is sold throughout the world. The agency is at an advanced stage of discussion with the group to provide new modern facilities for producing soft-shell capsules.

The funding arrangement with Leioer enlarges to £13m the agency's investments in manufacturing companies and business enterprises in Wales. It has invested in 150 buainesses. Previously its largest single investment was £1m in John Williams of Cardiff Ltd., steel group.

Assembly will 'bring new unity'

By Robin Reeves

AN ELECTED Welsh assembly will improve the government of Wales and strengthen the unity of the UK, according to Mr. Elystan Morgan, chairman of the Wales for the Assembly Campaign.

In a study paper entitled "The Welsh Assembly — Towards a New Unity," Mr. Morgan argues that the burden carried by the Commons is almost intolerable.

Public spending plans worth millions of pounds are pushed through the House of Commons without scrutiny. Many legislative reforms for which there is unanimous support are blocked for lack of time. Only one EEC proposal in seven is examined by Parliament's scrutiny committees.

Moreover, the Government of Wales suffers because of lack of time, Mr. Morgan claims. During the 1977-78 Parliamentary session, Welsh MPs had only eight chances to question the Secretary of State for Wales — three hours 20 minutes of parliamentary time.

"The transfer nf responsibilities from Westminster, and the Welsh Office, to the assembly will help reduce the congestion at Westminster and release Welsh MPs to play a fuller part in Parliament, protecting Welsh interests and contributing to the better government of Britain," he said.

Eastern equity funds do best

BY ERIC SHORT

EQUITY FUNDS invested in Japan and the Far East fared best among the pooled pension funds in 1978, according to the latest survey published by Harris Graham and Partners, pension consultants.

The top spot went to the Anglo-Nippon fund, managed by the Foreign and Colonial Group with a rise of 94 per cent, with the Japan Exempt Fund, managed by Edinburgh Fund Managers, second, with an increase of 65 per cent. In contrast U.S. funds performed poorly, with London North American, managed by Drayton Montagu, showing a loss of 6.5 per cent.

Equity fund maoagers, in general, did better last year than the FT-Actuaries All Share Index. The average rise amounted to 10.4 per cent against 8.5 per cent for the index. In all, 37 funds out of 55 did better than the index.

The most consistent in 1978 were the property fonds, where the average growth was 20 per cent.

In contrast, fixed interest funds gave a very dull performance last year, with an average decline of 0.6 per cent.

But pension fund investment performance depends very much on reaching the optimum split between the three investment media — equities, property and fixed-interest.

PENSION FUND PERFORMANCE 1978

Equity Funds	% change	Fixed-interest Funds	% change
Top— F & C Anglo-Nippon	+93.7	Top—Confer. Life Fixed	+ 3.7
Average	+10.4	Average	− 0.6
Bottom—London N. Amer.	− 6.5	Bottom— London Fixed Interest	−10.5
FT-All Share	+ 8.5	FT-All Stocks Gilts	− 0.7
Property Funds		**Mixed Funds**	
Top—Abbotstone Agric.	+37.3	Top—Confed. Life Mixed	+11.7
Average	+20.1	Average	+ 5.3
Bottom— L & G Prop. Units	+ 9.9	Bottom— Lloyds Bank Exempt	− 1.5
Nat. Av. Earnings	+15%	Retail Price Index	+ 8.4%

Home buyers pay bigger deposits for mortgages

HOUSE BUYERS are continuing to put down a greater proportion of the purchase price as a deposit, according to Government figures released yesterday.

The Department of the Environment calculates that in the last quarter of 1978, the average mortgage advance—at £10,920—represented only 60.5 per cent of the average house price, compared with 62 per cent in the third quarter, and 67 per cent a year earlier.

The average price of all homes on which new mortgages were approved in the last quarter of 1978 was about £18,050, a 7 per cent increase over the previous three months and 26 per cent up on the same period of 1977.

For new homes, the average price at the end of 1978 was £19,550, while for secondhand properties it was £17,770.

Yorkshire, Humberside job prospects 'uncertain'

BY OUR SHEFFIELD CORRESPONDENT

GLOOMY POINTERS to the economic future of Yorkshire and Humberside emerged yesterday in the annual report of the region's economic planning council.

Employment prospects, says the report, look uncertain; there is unease at the likely impact of microprocessors; and there is still a shortage of skilled workers.

The report does, however, leaven some of the gloom with "qualified optimism" over infrastructure improvement, but the overall tone is so cautious that the council has announced two special working parties to look at new jobs and technology, and the skill shortage.

The region's economic performance, says the report, over the past few years has been "little better or no worse" than the national average. But problems, ranging from declining industries, often with excess capacity, to "shortcomings" in housing, health and social services, remain.

Individual problems in the four counties that make up the region range from environmental difficulties in West Yorkshire to the need for Government help for South Yorkshire steelmakers facing intense import competition.

The planning council's chairman, Mr. Bernard Cotton, also urged an end to the controversy over the Humber Bridge, now due to open in 1980. "The time for pessimism is over," he said.

His council had asked the Government to set toll charges which would encourage traffic to use the bridge. It had not, however, asked for the bridge debt to be writen off.

The three major priorities of the planning council remained unchanged, he said. Industrial investment had to be encouraged, the vital communications network of motorways should be completed and the focus on environmental problems continued.

Humber Bridge costs up

BY OUR HULL CORRESPONDENT

THE COST of the Humber Bridge has increased by almost £3m to £66.2m at prices ruling at the end of November last year the bridge board was told yesterday.

Mr. Alex Clarke, the board's chairman, said the increase was wholly due to inflation since the last cost estimate a year ago.

The estimated completinn date is now March next year, six months later than previously estimated.

Mr. Clarke said the delay was due to the bad weather and low prodnctivity, although this was now improving.

The bridge is now more than two years behind the original schedule when the cost was estimated to be £27m.

The board is also to review its proposed tolls in the light of the increased costs.

Mr. Clarke said that about £1m was still being withheld from British Bridge Builders by Freeman Fox and Partners, the board's consultants, whn had not certificated certain work owing to the low level of productivity.

British Steel workers paid £25,700 for deafness

TEN WORKERS who claimed they suffered noise-induced deafness while working at British Steel's Corby works were awarded £25,700 agreed damages in the London High Court yesterday.

Mr. Peter Weitzman, QC, for the workers, told Mr. Justice Caulfield all their actions had been settled—two of them at the last moment.

The judge said that in each case, judgment would be entered against British Steel and Stewarts and Lloyds, now part of the British Steel Corporation. Both had denied liability.

Among those awarded damages were: Mr. James McGrath, of Cransley Gardens, Corby, £3,000; Mr. Geoffrey Howlett, of Whitworth Avenue, Corby, £3,000; Mr. Tadeusz Czernuszka, of Studfall Avenue, Corby, £2,000; Mr. William Moore, of Weldon, Corby, £2,500; Mr. Frederick Howlett, of Coniston Road, Kettering, £4,000; Mr. George Tiplady, of Severn Way, Kettering, £3,000; Mr. Thomas Brooks, of Derwent Walk, Corby, £1,250 and Mr. Ivor Davies, of Cornwall Road, Kettering, £2,000.

All eight men are wagon builders.

Mr. James Walker, a blacksmith, of Stavanger Close, Corby, was awarded £2,250, and Mr. Cyril Nash, a blacksmith's striker, of Bracken Close, Kettering, won £2,700.

In their writs, the men had claimed damages for personal injuries, physical harm and expenses.

Lorry strike impact yet to be felt, says CBI

THE FULL effects of the lorry drivers' strike on British industry are still to be felt said Sir John Methven, director general of the Confederation of British Industry yesterday.

Speaking in Edinburgh, he said it would be March or April before the impact of the blockade on ports and factories was felt by many companies.

The country would continue to be held in ransom by small groups of militants, he said, until the moderates were prepared to speak out.

"We have seen a situation where three people can blockade a factory and six people can blockade a port."

Because of high wage settlements in the Ford, tanker drivers' and lorry drivers' disputes, the rate of inflation was expected to move back into donble figures.

The main responsibility for this lay with Moss Evans' Transport and General Workers' Union.

"I regard as distastrous what they are doing when so many other unions have struggled to get inflation down to 8 per cent," said Sir John.

There needed to be a "cool, determined review," of how far trade unions were within the law.

Road freight subsidiary's £2.6m. profit

BY LYNTON McLAIN

NATIONAL CARRIERS, the road freight subsidiary of the National Freight Corporation, made a trading profit of £2.6m last year, which gave the company its first net profit, £30,000, since it was formed 10 years ago.

The company lost £20m in the first year of trading after it was formed from the sundries division of British Rail. It made its first trading profit, £212,000, in 1977 before a net loss of £5.7m and the improvement had continued.

Two factors had contributed to the marked improvement in the company's fortunes, Mr. Brian Hayward, managing director of National Carriers, said in London yesterday. The 1978 Transport Act had relieved it of some of the charges it had acquired from its association with British Rail.

Turnover had risen by £11m to almost £100m last year. Much of the increased revenue had come from National Carriers' increasingly profitable specialised transport services, including the Fashionflow company, which contributed a £750,000 trading profit carrying clothes for Marks and Spencer.

A large part of the earlier losses was attributed to historical debt, overvaluation of assets since the company's formation, and other costs arising from its origins as part of British Rail.

Last year's Transport Act enabled the Transport Department to write down the asset value of the parent National Freight Corporation by £53.1m. This included all the capital debt attributable to Freightliners and all but £5m attributable to National Carriers.

The company's Chinsflow specialised china transport company made a small profit for the first time, but Homeward, a company set up to handle mail-order house deliveries, had a difficult year, operating with costs "a lot higher than we expected," Mr. Haward said.

National Carriers' parcels delivery services, which accounted for 48 per cent of the group turnover, again failed to make a profit. The company, he added, had no intention of getting out of parcel distribution, although it had halved, to 100, the number of regional depots operating general distribution services.

Terry Kirk

Another woman for the London Stock Exchange . . . Mrs. Margaret Thatcher, the Conservative Party leader, visiting the exchange's trading floor yesterday after lunching with Mr. Nicholas Goodison, chairman of the exchange.

Merchant bankers seek tax relief

BY MICHAEL LAFFERTY

LONDON'S leading merchant banks want the Government to introduce a tax relief scheme for financial institutions similar to the stock relief scheme for industrial companies.

The merchant banks' request has come in a submission from the Accepting Houses Committee to the Treasury and the Inland Revenue. Their case is that inflation erodes their capital base and imposes strains on their ability to keep up with demands for higher lending.

The accepting houses have been working on the submission for the past 18 months.

Similar requests for tax relief have been made in recent years by the clearing banks. But where the clearers have been able to resort to rights issues to maintain capital adequacy, this has not generally been possible for the merchant banks because of their depressed share prices.

A clearing bank representative said yesterday discussions were still taking place with the Inland Revenue.

But the banking community is not optimistic about obtaining a major tax concession now when clearing bank profits appear to be rising substantially. One possibility, however, is that the clearers may seek to strike a bargain with the Government by offering, for example, to set up a guarantee fund for small businesses in return for tax relief on capital erosion.

Directors' convention

THE INSTITUTE of Directors' annual convention will be held at the Royal Albert Hall, London, on Tuesday, March 20. Speakers will include Mr. John Diebold, Sir James Goldsmith, General Alexander Haig, Sir Frank McFadzean, Sir Bernard Miles and Mr. Norman St. John-Stevas, MP.

Attempt to avert Civil Service walk-out today

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions meet Lord Peart, the Lord Privy Seat, this morning in an attempt to stave off a national strike and other industial action over pay by their 285,000 members.

The Civil and Public Services Association and the Society of Civil and Public Servants, the two biggest unions yesterday formally announced that their members would be called out on a national one-day strike on February 23 if the Government did not agree to implement the findings of an independent comparability study in full.

All overtime will be banned and groups of members in key installations, including defence, VAT, customs and computer establishments, will take selective strike action from the start of the late shift on February 25, with non-shift workers being selectively called out the day after.

While the Civil Service Department has threatened that employees who take part in action will have their pay and sick leave entitlement cut and their holiday requests refused, the unions maintain the warning has simply hardened their resolve.

The latest union evaluations of the reports from the Pay Research Unit increase their estimations of the sort of rises the comparability studies maintained would keep civil servants in line with similar jobs in industry.

The current figures have moved from the 15-20 per cent originally thought necessary for CPSA members, mainly in the clerical grades, to between 23-28 per cent for clerical assistants and 25-33 per cent for clerical officers.

The society had estimated its members would need rises of 25-30 per cent but the estimate now, based like the CPSA's new findings, on new information on private sector fringe benefit increases, particularly meal allowances, seeks rises of between 26-36 per cent for executive officers.

The rises sought would increase clerical assistants' pay from £44.12-£50.15 to £54-£63, clerical officers' pay from £49.79-£62.84 to £65-£79, and executive officers' pay from £59.64-£87.72 to £86-£111.

Mr. Gerry Gilman, the society's general secretary, said the study showed the wage explosion had already happened, in secret, in the private sector.

Mr. Ken Thomas, CPSA general secretary, said if the Government did not want to throw away the coming election it would have to come to terms with the public sector.

If the Government offered 5 per cent "the balloon would go up." Both union leaders said it was unlikely that their members would allow them to consider a staged deal, which some Ministers and Department officials see as an escape from the embarrassing contradiction between the unit's findings and the 5 per cent limit.

Mr. Thomas said his union had a fighting fund of £1.2m to back its campaign of industrial action, which, with selective strikes, would enable them to wage a long battle.

Volkswagen moves into rental market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VOLKSWAGEN (GB), the Lonrho subsidiary which imports VW and Audi cars to the UK, has started a scheme which will enable its dealers to operate in the car rental business.

Initially, about 60 dealers in major towns are expected to operate the scheme, called Autorent. By the end of this year, about 100 should be involved.

Finance for the operation for those dealers who need it will be supplied by Auto Union Finance which is 49 per cent owned by Volkswagen (GB) and 51 per cent by the Lloyds and Scottish banking group.

Negotiations are going on to provide "very comprehensive" insurance cover for the dealers and, because they would have few extra overheads, Autorent will allow them to "operate a car rental business in their own areas at rates which will be highly competitive with the major car rental organisations."

● In 1978 VW-Audi experienced the fastest growth of any big manufacturer or importer in Britain, with sales up 41 per cent from 50,889 in 1977 to 71,688. It forecasts a further 15.8 per cent rise in a static total market this year and sales of 83,050.

Grants bring £23m business

BRITISH INDUSTRY received more than £23m in December from orders arising from aid grants and loans to developing countries made by the Ministry of Overseas Development and administered by the Crown Agents.

Clydesdale leaflet sparks row

By Ray Perman, Scottish Correspondent

THE CLYDESDALE BANK, Scottish subsidiary of the Midland, denied yesterday that it had taken sides in the devolution referendum by sending an anti-assembly leaflet to its managers.

About 450 copies of the leaflet, produced by Scotland Says No, the main anti-devolution umbrella group, have been sent to branch and departmental managers with a covering memorandum saying that it is for information only and that the bank is not making any recommendation on the political arguments.

Mr. Ian Hoy, secretary of the Yes For Scotland campaign, said: "I am not convinced by the Clydesdale's argument, I think it was just a way of getting the No publicity across. But I intend to write to the chairman of the bank asking him how many Yes leaflets be requires.

The bank said: "We send out various items which we think are important to our managers, for their information. We were approached and asked if we would send out copies of this leaflet and we thought it was important for them to see the arguments.

"We would have sent out leaflets from the Yes organisation had they been available."

Guidelines revised on Arab boycott

BY MAURICE SAMUELSON

THE TRADE Department will shortly publish revised guidelines on Middle East trade reflecting disapproval of the Arab boycott. The document will also explain that the boycott does not rule out all trade with Israel, as some British companies appear to believe.

As well as disapproving of boycotts lacking "international authority," the Department is expected to criticise the process by which companies submit to the boycott. This involves filling in questionnaires for the Central Boycott Office in Damascus and signing contracts with special boycott clauses.

The Department already issues a notice aimed at removing "unnecessary anxieties" of UK companies and offering confidential advice. The stronger wording, promised in last week's Lords debate on the boycott, aims to meet the proposals of the select committee report on the Foreign Boycotts Bill. These were intended as an alternative to legislation which the committee decided was impractical.

The British Bank of the Middle East confirmed yesterday that it circulates a list of about 70 insurance companies on the Arab blacklist, including Pearl and Phoenix assurance companies.

The list, supplied by the bank's Abu Dhabi branch, is sent to exporters wishing to insure goods bound for the country. Its existence became known when the U.S. parent company of a Reading electronics concern reported a boycott request to the U.S. Commerce Department.

Reporting of boycott applications became compulsory under the Export Administration Act's 1977 amendment. About 40,000 such requests a year are being reported, and are closely monitored by the American Jewish Congress.

Potato terminal for Liverpool

A NEW terminal will be set up in Liverpool's Canada Dock following an agreement in Hamburg under which 15,000 tonnes of Egyptian potatoes will arrive every two or three days during the season.

Service slipping says Post Office chief

BY JOHN LLOYD

A DECLINE in the quality of the Post Office service has been highlighted by its chairman, Sir William Barlow.

In the current issue of the Courier, the Post Office's monthly newspaper, Sir William says that "Our standard of service, both on telecommunications and posts, has slipped a little and as a result many of our customers have been disappointed."

Recent figures indicate that the service has deteriorated because of staff shortages—especially of postmen—and to the effects of the Post Office Engineering Union's industrial action, which ended last August.

● During the first quarter of the current financial year (July-September, 1978), the percentage of local calls successful on one dialling was 63.3 per cent, against an average 64.1 during 1977-78.

● The rate of failure for STD calls was 3.8 per cent due to the Post Office in the first quarter of this year against 3.3 per cent last year.

● Of inland calls dialled by an operator, 82.7 per cent were answered within 15 seconds in the first quarter, against 84.3 per cent last year.

● There was a 5.4 per cent failure rate for international direct dialled calls due to the Post Office in the first quarter against 4.2 per cent last year.

● Only 32 per cent of international calls through an operator were answered within 15 seconds in the first quarter against 58 per cent last year.

Figures for October 1978 show that 91 per cent of first-class letters were delivered on the next working day, compared with a target of 93 per cent, while 90 per cent of second-class letters were delivered within three days, against a target of 96 per cent.

These figures are understood not to have improved significantly, except where—as in overseas calls—the deterioration was largely due to the effects of union action. Staff shortages have been a critical problem in some areas, including London, for the past year.

U.S. funds among top 20 unit trust performers

FINANCIAL TIMES REPORTER

AMERICAN FUNDS predominate among the early leaders in this year's unit trust performance tables, according to Planned Savings magazine.

They took four places in the top 10 performers in January and nine places in the top 20.

The best performing American fund was Schlesinger U.S. Small Companies, coming second in the entire table with a gain of 13 per cent in the month.

Britannia Minerals, benefiting from a boom in metal prices, took first place and Britannia's Gold and General fund was third.

The success of the American funds reflects a big revival of confidence on Wall Street last month.

Far Eastern funds, last year's best performers, continue to do well and three of them, led by M and G Far Eastern, were in January's top 20 performers.

Scottish miners set for action campaign

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ON THE EVE of the re-opening of pay talks with the National Coal Board, union leaders in Scotland yesterday called for a national campaign to prepare miners for any necessary industrial action.

The executive of the traditionally militant Scottish area of the National Union of Mineworkers unanimously rejected the Board's $3\frac{1}{2}$ per cent offer and demanded that the full 40 per cent claim should be met.

This would take face workers to £110 a week and surface miners to £86.

Mr. Mick McGahey, the Scottish leader and vice-president of the union, said that the NUM would not be frightened by threats of cuts in investment or pit closures in uneconomic areas.

Nor would it be intimidated by the arguments that action in support of the claim would hasten the return of a Tory government.

The Scottish area would begin a pithead campaign next week to inform miners of the state of negotiations and prepare them for any action which might be called by the national executive.

This could take the form of an overtime ban, selective strikes or an all-out stoppage, but it would be for the members to decide in a ballot.

At the national executive meeting in London on Thursday, the Scottish area would propose a similar campaign in all coalfields in Britain, starting with the national delegate conference, to unite all areas of the union behind the pay claim.

Mr. McGahey said: "In the initial stages of negotiations, members were shocked and thought the coal board was playing a joke. There is real anger now, and strong resentment. After all, £110 basic gross wage for a face worker is not extortionate.

"I am pleased that the lorry drivers broke through and that Fords broke through. I am hoping the miners break through with their wage claim also."

Former MP challenges bar from union post

MR. EDWARD MILNE, the former Labour MP, in the High Court in London yesterday challenged the right of the Union of Shop, Distributive and Allied Workers (USDAW) to deny him union office.

Mr. Milne, aged 63, a former USDAW area organiser, clashed with his union after he stood as an Independent Labour candidate in the 1974 parliamentary elections at Blyth, Northumberland.

He claims salary arrears or damages for loss of office and that since February, 10, 1974, when Blyth Constituency Labour Party decided not to readopt him, he has been entitled to a post in USDAW not less favourable than area organiser.

Mr. John Macdonald, QC, for Mr. Milne, told Mr. Justice Foster that USDAW maintained that the former MP repudiated a union sponsoring scheme by standing against the official Labour candidates for Blyth, Mr. Ivor Richard and Mr. John Ryman, in the elections of February and October, 1974.

But a sponsored MP who lost office was entitled to a union post not less favourable than that which he held before election.

"We say there is no express provision which would prevent Mr. Milne standing as an independent candidate in the scheme," counsel submitted.

Mr. Milne's disagreement with the constituency party sprang from his concern over corruption in public life and differences with his agent, Mr. Macdonald said. His repeated calls for an inquiry into Labour's affairs in the North of England were regarded by many party members as "rocking the boat."

Mr. Stuart Shields, QC, for USDAW, said: "I take my stand on the position that he stood as an Independent Labour candidate as opposed to an official candidate, and that is the basis for defending this action."

The case continues today.

Public service strikes to be stepped up

BY OUR LABOUR STAFF

THE National Union of Public Employees said yesterday that strikes at schools, hospitals and in local authority services were being intensified with new action.

More than 200 schools in Sheffield are now involved in strike action on varying days

Ulster's 500 ambulancemen yesterday joined the work to rule and overtime ban by 12,000 hospital ancillary workers in the province.

The overtime ban is expected to be aggravated by selective stoppages in a number of Ulster hospitals.

Army ambulance crews stood by in London again yesterday after an overtime ban by ambulance drivers.

The action by 2,200 ambulancemen in banning all overtime from 7 am had an immediate effect. By 9 am the normal number of ambulances available had been cut by one third.

In Wales, industrial action by health service workers continued to cause chaos. West Glamorgan was badly hit with 1,500 NUPE ancillary workers on strike in support of the county's ambulancemen who had been sent home for refusing to work normally.

The men dealt with emergency calls only.

Essex ambulancemen belonging to NUPE and other unions stepped up their industrial action by covering only emergency calls.

NUPE said its action would be in accordance with the code which followed discussions with Mr. David Ennals, the Health Secretary.

The threatened strike at 16 West London hospitals, however, was called off after the personal intervention of Mr. Ennals, although strikes in other London hospitals are set to go ahead.

The Department of Health said last night that the overall position in the health service had not deteriorated.

The grave diggers' strike in Liverpool is over and the men are to return to work today so that pay negotiations can continue.

But the men said the strike would resume for indefinite period if substantial pay offer is not made within four weeks.

Scottish leaders of the four public service unions yesterday warned that industrial action would start unless they got a "substantially improved" pay offer this week.

They issued the warning after a meeting with Mr. Bruce Millan, the Scottish Secretary, in London.

Mr. Donald MacGregor, Scottish organiser of the General and Municipal Workers' Union, said: "The unions have been restrained in their action to date, but we have found it extremely difficult to restrain our members."

First vaccine damage payments on the way

THE GOVERNMENT is soon to make its first payments—to 50 people—under its scheme for vaccine-damaged people, Mr. David Ennals, Health Secretary, announced in the Commons today.

He was moving the second reading of the Vaccine Damage Payments Bill which gives legal backing to the payments plan announced last May.

A payment of £10,000 will go to any person who had suffered severe damage as result of vaccination or through contact with a person vaccinated in routine NHS programmes.

The Bill, which also sets up a tribunal to consider borderline cases, applies to the whole of the United Kingdom and the Isle of Man.

Mr. Ennals said the Bill differed slightly from the arrangements outlined last August. Payment would now also be made to any person who had suffered damage as a result of vaccination of the mother before birth, vaccination against polio and German measles or any vaccination given during an outbreak of the disease in question.

But he stressed that the Government stood by immunisation programmes, which provided massive overall benefits which "far outweigh the associated risks."

The Bill was not a compensation scheme and the £10,000 payment did not bar any subsequent civil proceedings for compensation and did not prejudice any rights, though it would be taken into account in assessing the amount of any damages.

Some experts, he said, argued that there was no firm evidence that whooping cough vaccine had ever caused brain damage—the area which has caused most controversy.

It was difficult to identify the vaccine damage and in these cases an independent expert tribunal would be available.

"What the Bill seeks to do is to try to alleviate the cruel paradox that, because the very great majority benefit, a minority, albeit a very small minority, has suffered," he said.

Dr. Gerry Vaughan, Opposition spokesman, backing the Bill, said he hoped the panic stage, in which many parents refused to have their children vaccinated at all, was now over.

One problem of the immunisation issue was the enormous guilt felt by the parents of damaged children. He considered that £10,000 was a good start. It showed the Government recognised the problem.

"I believe it makes parents, in the middle of their tragedy, aware of the fact that society has made a contribution to help them and ease some of the burden they have to face."

Dr. Vaughan, who helped to set up a medical panel to examine thalidomide children, referred to the unnecessary suffering caused by delay in the procedure.

He congratulated the Government for recognising this, and for having in the Bill set up a procedure giving benefit of the doubt to vaccine-damaged children.

A leading campaigner for the disabled, Mr. Jack Ashley (Lab Stoke-on-Trent S), welcomed the Bill and said it would ease the burden on families whose lives had been devastated.

Vaccine-damaged children were special cases like war disabled. They were the wounded in the war against disease, a battle fought on behalf of the whole community.

Mr. Ennals had initiated an important step forward in social policy at a time of very great economic difficulty, and in the face of very strong opposition from parts of the medical profession.

But Mr. Ashley said the £10,000 payment was clearly inadequate and could be regarded only as a stop-gap until an adequate scheme was prepared.

It should be based on the war or industrial injuries scheme, with the great advantage that it would be inflation-proofed and adjusted to any changes of the effect of damage to individuals.

Mr. Ashley also hoped the Government would reconsider its decision not to pay families whose children had died.

For the Tories, Mr. Patrick Jenkin, shadow health secretary, said Mr. Ennals had been meticulously careful not to state that these damages were an interim payment.

No solution had been provided to the problem of those families with damaged children who did not qualify for the £10,000 payment.

He was concerned about the difficulties facing parents who wanted to sue on behalf of their vaccine-damaged children.

"Unless the law is changed to provide stricter liability, it must be exceedingly doubtful whether parents can establish negligence in order to claim for damages," he said.

Joseph demands industrial reform

BY ELINOR GOODMAN

SIR KEITH JOSEPH, the Opposition spokesman on Industry, and one of the Conservative leader's closest advisers, claimed yesterday that reduced union power was a prerequisite for national recovery.

What was needed was a public debate on the subject of trade union reform. The onus, he emphasised, would be on union leaders to defend the way in which they used their power.

In a speech which emphasised how far Conservative thinking has moved over the last few months, Sir Keith anticipated Labour charges of "union bashing" and said he was not attacking union members for the way in which they had been misled and mis-informed by those very people who claimed to represent their interests.

Sir Keith, who peppered his speech with references to Shadow Cabinet colleagues generally regarded as being more moderate than him, also took up what is likely to become a familiar line from the Conservatives in the run up to an election, when he attacked the institutionalised links between the TUC and the Labour Party.

In the same way, he gave a preview of the Conservatives' likely response to Labour allegations that the country's industrial problems are the result of being forced to rely on the traditional Tory remedy of monetarism. Monetarism in isolation, he argued, would not be enough to tackle the nation's policies. It had to be put in the wider context of fiscal and legislative reform.

Recovery required that the unions operated responsibly within a fair and balanced framework of law and that everybody worked within a sensible economic framework.

Since the Government has been converted to what was once Sir Keith's favourite cause of monetarism, the Conservatives have been putting increasing emphasis on the need to accompany monetary discipline with a reduced resources going to the public sector.

The public, he said, had been misled by Mr. Callaghan and Mr. Healey, who had denounced monetarism while practising it. He claimed that Ministers refused to face the central problem—the ability of unions to force the rest of society to pay for the inflation the unions were making harder to eliminate. He said the unions had been uniquely privileged for some time, but Labour's more recent legislation—all at the request of the TUC—seemed designed to ensure that a strong union could almost always win any dispute, regardless of its economic case.

Sir Keith's speech was seen by Tory MPs yesterday as further evidence that the Shadow Cabinet no longer regards the policies spelt out in "The Right Approach to the Economy" as adequate to deal with the present situation. There was some concern, however, that the apparent decision to make union reform a central plank of the party's election platform might backfire on the Conservatives by raising public expectations too high and locking the party into a situation where it would come to power already at loggerheads with the unions.

Tory 'mugwumpery' on Rhodesia condemned

BY ELINOR GOODMAN, LOBBY STAFF

A TORY rightwinger yesterday called on the leadership to "get off the fence" on Rhodesia and support the internal settlement.

The call was symptomatic of the kind of pressures building up within the party, which some members of the shadow Cabinet fear may boil over into an embarrassingly public argument before an election.

Mr. John Biggs-Davison, who resigned from the front bench in November to be free to vote against renewal of sanctions, urged yesterday that there should be no further "condonation" of sanctions against what he described as the "white-black partnership in Salisbury."

"Mugwumpery," he said, did not become a great party. The Conservatives should urge support for the "multi-racial democracy endorsed by the white referendum."

The tone of his statement was in marked contrast to the more cautious referendum vote from Mr. Francis Pym, shadow Foreign Secretary, last week.

Mr. Pym criticised the Government for failing to do enough to bring about "free and fair elections" in Rhodesia but did not commit a Conservative government to lifting sanctions after an election had been held.

As Tory hopes of winning the British election increase, so does the concern of some frontbenchers not to be committed to a position which a Conservative Government could not stick to.

They fear that even if fewer than half the Rhodesian electorate voted in favour of the internal settlement, pressure to recognise the new Government could create an embarrassing Tory split just when the party needed closed ranks for an election.

The official position remains that sanctions on Rhodesia cannot be lifted until free and fair elections have taken place. What is not clear is what exactly would constitute "free and fair elections."

Zambian debts promise

THE Zambian Government is using recent International Monetary Fund credits to clear debts to British firms and individuals, Mrs. Judith Hart, Minister of Overseas Development, told the Commons yesterday.

She was urged by MPs to put pressure on the Zambian Government to speed up the payment of compensation to British firms and individuals.

Mr. Richard Luce (C Shoreham), said many people were suffering financial hardship

Mrs. Hart told him that the Government could not use overseas aid which Britain sent to Zambia to meet these claims. But British aid to Zambia would make it easier for that country to release foreign exchange for remittances to British subjects.

"The Zambian Government has assured us that part of the foreign exchange made available by the advance payment for copper purchases will be used for this purpose and I understand that the greater part of the recent IMF credits has been used to clear remittance arrears to British firms and individuals.

"It is not possible to deduct the money owed to UK nationals from British aid loans to Zambia because the money has been voted by Parliament to assist Zambia's economic and social development

Prior takes tougher line on unions

By Paul Taylor

THE LAW on picketing, trade union closed shops and the provision of supplementary benefits to strikers will have to be examined if the imbalance of trade union power is to be corrected, Mr. James Prior, shadow employment spokesman said yesterday.

At a London meeting of the Working Together group, Mr. Prior mapped out the middle ground between some trade union leaders and industrialists on measures needed to improve Britain's industrial relations record.

He did not wish to see a return to the rigid format of the Labour Party's In Place of Strife or to his own party's Industrial Relations Act.

"Statutory pay policies will not work in Britain," he said.

There would have to be changes in the law on picketing coupled with the law on associated action, such as secondary picketing.

Mr. Prior said the law on "unfair dismissal" would have to be examined where someone refused to join a union closed shop and that appeals against union expulsion from a closed shop should be dealt with by the courts.

Macmillan looks for consensus

BY PHILIP RAWSTORNE

MR. HAROLD Macmillan, former Conservative Prime Minister, tonight lends his support to the appeals for a Government of national unity.

Britain's future depends on achieving a general consensus, he says in a recorded interview for BC Television.

"I'm quite certain that there are forces now which if we could only get them to unite, whether in a government of unity of the great organisations of employers and trade unions, or the churches, all the people who influence opinion who would say—"It's enough, we must make a new start."

"It's a moral issue, we must have the determination and we must rebuild our courage."

Mr. Macmillan, who will be 85 this week, says: "I'm sure people would welcome a real lead and say . . . let's get together and make this marvellous world for ourselves."

Eloquently stylish as ever, he recalls the "you've never had it so good" days.

"Now somethings gone. What's gone was that you could only run that on a general consensus of nobody pressing any position too hard. . . ."

Mr. Macmillan says he can see little real difference between the parties: they are exaggerating their different approaches to the problems.

Whether by incomes policy or monetary policy, they are "all playing about with the idea of reducing the amount of money in the hands of the people, either for new enterprise or for new businesses or for spending."

He adds: "Now, I can't feel in my heart that that's right."

It had a depressing effect on energy, enterprise and production.

Turning to Europe, Mr. Macmillan calls for a revival of the "great emotion" which has been lost in the bureaucratic arguments about fish and milk.

A united Europe could still equal the super-powers in economic influence, foreign policy and defence.

But its future is very uncertain. "Nobody is really facing this. . . . Somebody must arise, somebody who like Churchill is not just an echo but a voice."

Mr. Macmillan says he is also alarmed by the West's failure to "hold up our guard" against the Communist world.

Britain had abandoned vital military positions: the United States was weaker.

"I tell you quite frankly, I'm alarmed about the SALT discussions which look like abandoning or endangering the safety of Europe for the convenience of the United States and Russia."

He adds: "Peace is not kept, alas, by committees or phrases. I think this can be kept, this peace, if each side keeps up its guard and makes no concessions."

NFU man chosen for Europe

By Our Lobby Staff

SIR HENRY PLUMB, who is stepping down as President of the National Farmers' Union to start a new career in politics, looks certain of a seat in the European Parliament. He was selected at the weekend as Conservative candidate for what looks like being the Tory stronghold of the Cotswolds European constituency.

Sir Henry, who failed to be selected for two other European seats, was one of another batch of candidates to emerge from the lengthy Conservative selection procedure at the weekend.

Other candidates included Sir David Nicolson, former chairman of British Airways and now chairman of Rothmans International. He was selected for London Central which also looks like being a solid Conservative seat.

Sir Henry Plumb

So far, 22 candidates have been selected. Most of the glittering names known to be in search of European seats, have been placed, and most of those still searching are either former Conservative MPs or less well known businessmen.

One of the luminaries still looking for a safe seat is Mr. Paul Channon, MP for Southend West, who Mrs. Thatcher wants as leader of the Conservative delegation in Europe.

'Useful' discussions on nuclear power

BY IVOR OWEN

USEFUL discussions have taken place with Sir Arnold Weinstock, the managing director of GEC, about the reorganisation of Britain's nuclear power industry, Mr. Anthony Wedgwood Benn, the Energy Secretary, told the Commons yesterday.

But, despite pressure from Conservative and Labour MPs, who underlined the harmful effect of continuing doubts over the future structure of the industry, he was unable to give any indication when definitive proposals are likely to emerge.

Mr. Benn answered Opposition criticism by stressing that even Conservative MPs now accepted that the organisation established by the Heath Government, based on interlocking private shareholdings, required a change.

But without legislative power he was having to proceed to alternative arrangements by agreements and this was taking time.

Mr. Benn reported that top officials employed at the Riseley and Whetstone plants were in agreement that a majority holding for the public sector would be the best way of safeguarding the National Nuclear Corporation.

Mr. Tom King, the Conservative shadow Energy Minister, suggested that the Minister was experiencing difficulties in the negotiations with the nationalised corporation involved quite apart from the private sector companies.

After referring to discussions with the Central Electricity Generating Board and the Atomic Energy Authority, Mr. Benn said: "I am trying to reach a consensus because that is the proper way to proceed."

He gave no support to a complaint by Mr. Arthur Palmer (Lab Bristol NE) that Sir Arnold was using GEC's position to lay down "certain demands" for reconstructing the industry.

Mr. Benn caused some surprise by hinting that negotiations with the Opposition on the introduction of legislation to reorganise the electricity supply industry had reached a stage when it might be possible to secure a second reading for a Bill.

He also expressed "grave doubts" about continuing with the policy decision taken in the early 1960s in favour of "massive power stations."

Recent events had shown how vulnerable such stations were, but it took time to move from one policy approach to another.

Liberals reveal PR plans

By Elinor Goodman

BRITAIN came "within an ace" of having a referendum on proportional representation for general elections last year, according to Mr. John Pardoe, Liberal spokesman on economic affairs.

He said the issue was raised when the Prime Minister asked the Liberal leader, Mr. David Steel, and himself about renewing the Lib-Lab pact last summer. Mr. Callaghan had agreed to consult his Cabinet colleagues about the possibility of a referendum.

The claim was made at a meeting aimed at using the current industrial crisis as evidence of the need for a fundamental change in the electoral system. It was dismissed in government circles, however, as pure fantasy.

Mr. Pardoes said that while the Liberals had not expected a Labour Government to deliver PR, it ought to have been able to deliver a referendum to the British people on PR for the Westminster elections.

Mr Pardoe claimed that Mr. Callaghan had not turned down the request for a referendum but said he would put it before the Cabinet. Two weeks later he came back to the Liberals to tell them that there was no support for the idea.

Tory advice spurned

BY OUR PARLIAMENTARY CORRESPONDENT

ON THE EVE of the resumed negotiations between the National Coal Board and the National Union of Mineworkers on the miners' pay claim, Mr. Anthony Wedgwood Benn, the Energy Secretary, brushed aside Tory allegations that he is encouraging a settlement in excess of the Government's pay guidelines.

Mr. Tom King, shadow energy minister, yesterday joined Tory backbenchers in accusing Mr. Benn of failing to support the view of Sir Derek Ezra, the NCB chairman, that moderation in this year's settlement is essential if long-term investment plans for the industry are to be sustained.

Government supporters cheered Mr. Benn when he told Tory MPs that, after the events of 1974, he was not prepared to accept lectures from them on how to handle relations with the coal mining industry.

"I am not prepared to negotiate with the NUM. That is a task which Parliament has placed on the shoulders of the NCB," he said.

Mr. Nigel Forman (C., Carshalton) claimed that at one meeting Mr. Benn had pressed Mr. Joel Barnet, Chief Secretary to the Treasury, to allow the NCB to make a settlement outside the Government guidelines.

Mr. Benn replied that Mr. Forman had misunderstood what had taken place.

This did not satisfy the Opposition benches and Mr. Peter Viggers (C., Gosport) warned that the absence of support from Mr. Benn would undermine the NCB chairman

Progress on prices

DESPITE BEING strongly criticised by Tory peers, the Price Commission (Amendment) Bill secured an unopposed second reading in the Lords last night.

Ministers are now hoping that the measure, which abolishes the safeguard regulations guaranteeing a minimum level of profit for companies undergoing investigation by the Price Commission, will receive the Royal Assent on Thursday.

In the closing speech for the Government, Lord Jacques, a Lord in Waiting, claimed that companies will be able to initiate action in the courts to challenge the way in which the Price Commission exercises its discretionary powers.

In asserting this view he clashed with Lord Cockfield, who argued that the Bill would give the Price Commission virtually dictatorial powers.

Bill will thwart treasure hunters

A MOVE to make life easier for archaeologists and harder for amateurs with metal detectors was introduced by the Government in the Lords yesterday.

Peers were debating the second reading of the Ancient Monuments and Archaeological Areas Bill which gives archaeologists the right to excavate for up to six months at any site considered to be of special importance where there are plans for development.

Developers would have no choice but to allow the excavation to take place, and could not claim compensation for the delay.

Baroness Stedman, Environment spokesman, said some developers co-operated with archaeologists. Others would not give them enough time to excavate and some would not even let them observe the site.

"There is at present the risk that the developer will deny access to a site of great importance, with the inevitable consequent loss of rapidly diminishing evidence of the past." Lady Stedman believed many developers would be glad to know what was expected of them to "enable the archaeological heritage to be recorded before they destroy it."

The Bill also forbids the use of metal detectors, without consent, at ancient monuments and archaeological sites. This provision was prompted by "treasure hunting with the aid of metal detectors, which could lead to irreparable damage and loss of knowledge," said Lady Stedman. It was not the detector that was harmful, but the action of digging up a metal object that was likely o harm an archaeological site.

For the Conservatives, Lord Mowbray said: "Properly used, this Bill should do everything to encourage co-operation between all parties and a responsible attitude towards the conservation of our heritage."

He said the Government should consider further restricting the use of metal detectors in areas other than those of archaeological interest. The activities of ill-informed people using metal detectors could pose great dangers and could threaten the existence of crucial sites.

A PRIVATE Bill to abolish the ancient law of treasure trove in England and Wales received its first reading in the Lords yesterday. Introduced by Lord Abinger and sponsored by the Council for British Archaeology, the measure would mean that gold and silver objects found in the earth would automatically be the property of the Crown. At present, coroners must decide the ownership of treasure.

Lord Mowbray said the new powers giving archaeologists the right to excavate sites scheduled for development, were justified. A morning's work with a bulldozer could destroy a century of history, he said.

For the Liberals Earl Grey welcomed the Bill. Amateurs had done much harm to some archaeological sites and there was great concern about the destruction and vandalism of ancient monuments, he said.

Lord Kennet (Lab) said he lamented the introduction of the power to terminate guardianship of ancient monuments. He did not believe that ancient monuments should be singled out for a lesser degree of protection than National Trust property. But the new provisions for archaeological sites were clearly overdue.

The provision in the Bill to introduce the new concept for Britain of "designated archaeological areas" was praised by Lord Abinger.

But, he was uncertain how the idea would work because it was often difficult to identify areas of archaeological interest when they were located below ground, especially in large cities.

Winding up for the Government, Lady Stedman said about 80,000 metal detector licences had been issued by the Home Office and a further 8,000 were being processed. Licences for metal detectors, unfortunately, did not ensure that they were not improperly used on archaeological sites.

The Bill was given an unopposed second reading.

THE JOBS COLUMN

Weakness to strength • 'Elite' in reality

BY MICHAEL DIXON

"NOW TELL me: what is your weakest point?" The use of that kind of negatively directed question in job interviews evoked especial scorn the other night from Cyril Marks, of Coutts Careers Consultancy in London.

Such questions were evidently becoming more and more fashionable these days, he told a group of men and women about to leave the City University Business School with higher degrees in management. What better example could there be, Mr. Marks asked rhetorically, of the liability of recruiters arrogantly to assume the right to ask a candidate questions which they would feel affronted to be asked themselves.

"Just suppose you as a candidate asked one of them to tell you what was their company's weakest point," he went on. "Would they tell you that some unidentified security problem was stopping 1 per cent of their finished production from ever reaching the customer?"

The tone in which Mr. Marks expressed this inquiry suggested a certain disinclination to believe that pigs might fly, either.

"But you'll find interviewers think nothing of throwing questions like that at you," he informed the aspirant business graduate whose job-hunting season has started this very week.

"And when candidates get asked what is their weakest point, what do they do? They consider it carefully for a moment, and then answer it honestly. Co-operating with negatively directed interviewing of that kind is the same as co-operating in your own rejection," Cyril Marks declared. "What you need is to think up an answer that puts the discussion back on a positive plane."

What would he reply if asked to disclose his weakest point?

"I probably push the people under me too hard."

Up and down

THAT MASTERSTROKE—persistent use of which might apprise recruiters that tricksy interviewing is a game two can play—was an unexpected bonus from the City Business School's seminar, which I attended to discuss the likely job prospects for people with master's and other higher degrees in management.

As a breed such folk, who are commonly referred to as MBAs, have had a distinctly up and down existence since business education of the American pattern began to be imported wholesale into Europe about a dozen years ago.

It is unfortunate that it was imported into the UK, in particular, amid an enthusiasm for education which was little short of religious in kind. Education was seen as capable of anything, an ideal commodity, the more of which everybody had the better they would inevitably become. Hardly anyone stopped to see that the education people actually undergo, rather than theorise about, is a set of practices conducted by fallible human beings, some capable, some incompetent, and most of middling skill.

The fervour coincided with a belief that insufficient managerial ability accounted mainly for Britain's failure to match the United States' economic growth. "The management gap," the deficiency was called.

Managerial activity depends primarily on a relationship between one person and others. But few questioned whether, in that case, it could be effectively taught in the same formal sense as is philosophy, which depends on a set of intellectual precepts.

Leading politicians, business men and even civil servants instead leaped to the conclusion that the way to beat the management gap was to set up higher-degree courses in business administration like those which were common, and have since become habitual, in the U.S. Perhaps because the result would be increased funds and career-prospects for academics, the educators heartily agreed.

From public platforms various eminences declared that once the management courses were set up and their human products transferred into the commanding heights of industry and commerce, the nation's prosperity would be assured.

Meanwhile thousands of practising middle-managers whose promotion prospects were to be surrendered to the educated "high fliers," rubbed their hands meaningly and murmured: "Aye. Happen. . . ."

When the MBAs began to emerge from the new courses the best of them were indeed sharply trained business analysts and so of much potential value to an economy where—to borrow the words of Tony Hall, another speaker at the seminar — decisions taken because they "seemed a good idea" too often turn out to be very expensive good ideas.

But the MBAs had generally been oversold, and not least to themselves, as paragons of managerial skill. Many were also undermined by one of the hand-rubbing fraternity who had been put in charge of them pending their elevation above his head to the senior ranks. The result was that, just as indiscriminately and irrationally as they had been heralded as intellectual saviours, by 1971 they were being ridiculed as impractical whippersnappers.

Now, however, the image of business graduates among working organisations seems at last to be settling into some reasonable correspondence with reality. And it looks as though this year Britain's new MBAs' services will be specifically sought by around 280 concerns of various kinds.

Now, too, the business graduates are less typically people who have gone from 16 years of academic education directly into two further years' full-time study of analytical techniques coupled with economics, finance and the more modish sociology and psychology. Increasing numbers have years of working experience between bachelor's degree and management school, and some are aged well into their thirties.

Salaries

The differences in age and experience make risky any attempt to estimate likely starting salaries. Even so, the average for those aged 27 and under is expected to be £7,500 or a bit more, and that for the 28-plus age group something upwards of £9,000.

Jobs which justify such high figures by applying the MBA's analytical skills to finance and corporate planning will probably make up the biggest single category on offer. Marketing and commercial operations seem to constitute the second biggest, and management consultancy, whose major firms are apparently recovering their appetite for recruits, will be another buyer.

But this year the intake of MBAs into production and allied work might well help to banish their former over-manicured image by overhauling consultancy as the third biggest category.

While the public sector remains aloof, business concerns in the UK—albeit still mostly the big groups—seem to be assuming the attitude of counterparts elsewhere in Europe, where MBAs made their entrance in less manic-depressive circumstances. This is to take post-graduate management education not for what one hopes or fears it might be, but for what it evidently is.

So no doubt will the business graduates who heard Tony Hall at the City University's seminar. As well as being an MBA, he taught for five years in management schools before going last autumn to test his mettle with Delnair in the Lindustries group.

The problems now facing him are rarely theoretical. As emergency transport manager, for instance, he has lately been much exercised in every sense of the word by how to get lorries up a neighbouring ice-covered hill. But he believes he has learned more about managing in the past four months than in nearly twice as many years beforehand.

Not to say he belittles his management school period. He thinks it fundamentally important in enabling him quickly to assess the position of a concern and the practical options open to it. Even so, he warned his former students at the City's Business School: "The intellectual sophistication of the textbooks is by and large redundant."

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WANTED

CLUBS

SECRETARIAL APPOINTMENT

LEGAL NOTICES

No. 00221 of 1979
No. 00225 of 1979
No. 00226 of 1979
No. 00228 of 1979
No. 00229 of 1979
No. 00230 of 1979
No. 00242 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FAIR ENTERPRISES LIMITED, GRADESINGLE LIMITED, LA OALECENTRE LIMITED, [illegible] LIMITED, ESHER PARK CHAUFFEURS LIMITED, LEA MARKHAM WHOLESALE SUPPLIES LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 22nd day of January 1979, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39/41 Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 26th day of February 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39/41 Mark Lane,
London, EC3R 7HE,
Solicitor to the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 23rd day of February 1979.

COMPANY NOTICES

ART GALLERIES

LEGAL NOTICES

No. 00256 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HAWKERGROVE LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by SANDELL PERKINS LIMITED whose registered office is situate at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 26th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street,
London, EC4A 3DS.
Ref: F/TTH
Tel: 01-583 8511.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of February 1979.

No. 00284 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of F. A. WILLOUGHBY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 29th day of January 1979, presented to the said Court by SANDELL PERKINS LIMITED whose registered office is situate at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 5th day of March 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3 Hind Court,
Fleet Street,
London, EC4A 3DS.
Ref: F/TTH. Tel: 01-583 8511,
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 2nd day of March 1979.

No. 00285 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of F. & R. LYNCH (BUILDERS) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 29th day of January 1979, presented to the said Court by SANDELL PERKINS LIMITED whose registered office is situate at Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 5th day of March 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3 Hind Court,
Fleet Street,
London, EC4A 3DS.
Ref: F/TTH. Tel: 01-583 8511,
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 2nd day of March 1979.

No. 00257 of 1979
No. 00260 of 1979
No. 00261 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of MEARSFELT LIMITED, KRUMA IMPORT LIMITED, STANDARD OFFICE CLEANING CONTRACTS LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 23rd day of January 1979, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39/41 Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 26th day of February 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39/41 Mark Lane,
London, EC3R 7HE,
Solicitor to the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intentions so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 23rd day of February 1979.

IN THE MATTER OF
THE COMPANIES ACT 1948
AND IN THE MATTER OF
J. WYATT JNR (HAULAGE) LIMITED
(In Liquidation)

NOTICE IS HEREBY GIVEN, pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above-named Company will be held at the offices of FLOYD NASH & CO., Chartered Accountants, of 33 Clifford's Inn, Fetter Lane, E.C.4, in the City of London on Thursday, 15th day of March, 1979, at 11 a.m., to be followed at 11.15 a.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 29th day of January, 1979.
R. E. FLOYD, Liquidator.

PLANT AND MACHINERY

APPOINTMENTS

Clayton Dewandre Holdings Board member

Mr. Raymond R. Paterson has been appointed a director of CLAYTON DEWANDRE HOLDINGS.

*

Mr. Harry Lovatt has joined REDIFON TELECOMMUNICATIONS as executive chief engineer. He will control product development and be concerned with new product design as well as development of existing products. He takes over those responsibilities from Mr. R. A. Barrs who in a new post is in charge of product planning and development strategy. Mr. Hugh Letheren retains his responsibility for systems design and engineering. Mr. Lovatt leaves the Plessey Company after 10 years where he had a technical managerial position in avionics and communications.

*

Mr. Alastair Channing, at present a principal in the finance transport industries division, Department of Transport, has been appointed secretary to the BRITISH TRANSPORT DOCKS BOARD from February 26. He succeeds Mr. David Dixon who became docks manager of the BTDB port of Fleetwood at the beginning of last month.

*

The ORTHO DIAGNOSTICS division of Ortho Pharmaceutical UK has now been established as a new Ortho Diagnostics company in the UK as part of the programme to develop the worldwide franchises of the Johnson and Johnson group. Ortho Diagnostics will be within the worldwide Ortho Diagnostics organisation, and will continue to be based at Marlow in Buckinghamshire. The head of the new company is Mr. Brian D. Davis, director and general manager. He was formerly marketing manager of the diagnostics division and has been with Ortho for six years. Mr. Tom Lindsay, managing director of Ortho Pharmaceutical, will be on the Board of Ortho Diagnostics. Mr. Allan Follett is now marketing manager, Mr. Anthony Castleman, field sales supervisor, and Elizabeth Lindsay, project manager, in the new concern.

*

Mr. Maurice Parsons has been appointed regional director of the eastern region of TEMCO INTERNATIONAL and Mr. Jack Honey has become general manager at Warrington. The company is owned by the National Freight Corporation.

*

Mr. David Stevenson has been appointed leisure sites director of HORNSEA POTTERY. He became leisure sites general manager in July last year.

*

The WARNER-LAMBERT COMPANY has elected Mr. George Hromadko as vice-chairman of the Board, financial affairs. Formerly senior vice-president and treasurer, Mr. Hromadko also becomes a member of the office of the chairman. Mr. Stephen M. McGrath, at present vice-president, administration for the health care group, has been appointed a corporate vice-president and treasurer. Mr. Dennis A. Miller, assistant treasurer, is now vice-president, investor relations and pension investments.

*

Mr. A. W. Cox and Professor Edmund Happold have been appointed part-time members of the PROPERTY SERVICES AGENCY for two years. They succeed Mr. Andrew Derbyshire and Professor Alan Harris. A third part-time member of the Board, Mr. Hadley Buck has also been appointed for two years. The agency is an integral part of the Department of the Environment.

*

The Lord Chancellor has appointed Dr. Eric Francis Carr, to be a Medical Visitor of mental patients, replacing Dr. Alan R. Moore, who died in September. Dr. Carr is a senior principal medical officer at the Department of Health and Social Security where he is head of the medical division concerned with psychiatry.

*

Mr. Brian Hargreaves, editor of the West Lancashire Evening Gazette, has been appointed a director of the newspaper's publishing company, BLACKPOOL GAZETTE AND HERALD, part of United Newspapers Publications.

*

Mr. Colin Astin and Mr. Ronald Noble, formerly assistant directors, have been appointed directors of BARCLAYS MERCHANT BANK.

*

Mr. Denis Heightman, of Thorn Television Rentals, has been elected chairman of the council of the CABLE TELEVISION ASSOCIATION OF GREAT BRITAIN. Mr. Frank Hall, Visionhire, becomes deputy chairman of the association.

*

Mr. R. Dickinson has been appointed to the Board of CURRYS and continues as managing director of Currys Group Service. Mr. H. J. Potterton, a former Currys joint managing director, has retired from the Board.

*

Mr. P. W. Fleming is to become sales director of MORGAN FURZE AND CO. on March 1 in place of Mr. Richard Persse, who is leaving to take up a new appointment in the West Country. Meanwhile, Mr. Jack Breen, a director of the company and institutional business, will deputise.

*

Mr. E. R. Brookes has been elected first president of the newly formed STONE FEDERATION. Mr. John Bysouth is senior vice-president. Mr. E. J. Andrews has become president of the NATIONAL FEDERATION OF PLASTERING CONTRACTORS and Mr. W. G. Murphy has been made senior vice-president.

*

Mr. John R. Ruddy has been appointed to the main Board of R. P. MARTIN AND CO. Mr. Patrick J. Phelan has joined the Board of R. P. Martin Deposits.

*

Mr. Douglas Barrington, managing director of the Lygon Arms, Broadway, has been elected chairman of the national council of the BRITISH HOTELS, RESTAURANTS AND CATERERS ASSOCIATION, succeeding Mr. Maxwell Joseph. Mr. George Hill, chairman Bass UK, has become chairman of the Association's Board of management in place of Mr. Rex Joseph. Mr. Donald Durban has been made vice-chairman of the Board.

*

Mr. D. W. Beattie was appointed a non-executive director of TWINLOCK. He is a divisional director of the National Enterprise Board.

*

Mr. R. A. Farren, works manager, Mr. B. J. Elliker, UK sales manager, and Mr. R. A. Poulton, technical consultant, have joined the Board of FITTER AND POULTON.

*

Mr. Anthony Burden has been appointed director of sales, Europe, of CARTE BLANCHE INTERNATIONAL, now a wholly-owned subsidiary of Citicorp, with responsibility for the establishment of its UK and European sales and marketing operations. Mr. Burden was formerly sales director for Diners Club.

*

Mr. J. F. T. Dundas has been appointed a director of MORGAN GRENFELL INTERNATIONAL.

*

SmithKline Corporation has formed SMITH KLINE AND FRENCH RESEARCH, and the Board of the company consists of Dr. W. Brimblecombe, Mr. L. N. A. Flockhart, Dr. W. L. Burland, Dr. C. R. Ganellin and Dr. A. M. Roe.

*

Mr. Minoo E. Randeria has been appointed to the pharmaceutical division of DIXONS PHOTOGRAPHIC as divisional commercial director and joins the 10 divisional boards in a non-executive capacity. Mr. Randeria has been both financial and commercial director of Wimpy International.

*

Mr. Peter Orpin has become sales director of EVERBRIGHT FASTENERS; SNW; and METRIC FASTENERS.

*

STERLING-WINTHROP GROUP is forming its commercial divisions into three business groups each under a chief executive.

Mr. Neil Appleton will be chief executive of the prescription medicines group in the UK, Ireland and Scandinavia and is appointed chairman of Winthrop Laboratories in the UK. He joined the company in 1965 and since 1973 has been managing director of Winthrop Laboratories. Mr. Colin Twaite becomes chief executive of the consumer products group in the UK. He started with the company in 1963 and became managing director of Sterling Health last year. Mr. Richard Brown is to be chief executive of the industrial products group in the UK and is appointed chairman of Izal. He has been with the company since 1962 and was made managing director of Izal in 1965. Mr. Jeff Wood has been appointed managing director of WINTHROP LABORATORIES UK.

*

Mr. E. Romaguera will be appointed representative of BANCO NACIONAL DE CUBA, Zurich, from March 1. Mr. G. Roca is now managing director of HAVANA INTERNATIONAL BANK, a subsidiary.

*

Mr. John Key has become managing director of Messengers (Birmingham) and has also joined the board of its holding company PENTOS ENGINEERING GROUP. He has worked within Pentos for three years, latterly as production director of Austin-Hall, a member of Pentos Construction Group. Appointments made within the Pentos Construction Group are Mr. Tony Thomas as managing director of Clipfplant, having been sales director of Austin-Hall. Mr. Alwyn Chappell is now production director of Austin-Hall and Mr. Brian Peeney sales director of that company, succeeding Mr. Thomas.

*

Mr. P. Ward has been appointed a director of JOHN CARR (DONCASTER).

*

Mr. R. Slater has retired from the Board of WHESSOE.

*

Mr. W. Adams has resigned from the Board of GRINDLAYS BANK.

*

Mr. J. A. McCleery has retired from the Board of BICC.

*

Mr. Marcel Cueni has rejoined the PORTMAN HOTEL as controller and is on the executive committee which runs the hotel. Mr. Cueni joined the hotel in 1975 and then moved within the group to the Intercontinental at Hyde Park.

*

Mr. Peter Stevenson, a director of Noble Grossart, has been appointed a non-executive director of the Board of WM. LOW AND CO.

*

Mr. Enver Jamall has been appointed chairman of PAKISTAN INTERNATIONAL AIRLINES.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Jason Crisp on how a British engineering giant is 'simplifying' its business

GKN: getting down to nuts and bolts

ONLY a few years ago it would have been tantamount to heresy within Guest Keen and Nettlefolds to have viewed the Government's takeover of its steel activities with anything but horror. Yet Trevor Holdsworth, managing director and deputy chairman of this giant engineering company can lean back in his chair and with a smile reflect: "Looking back now, perhaps we should have welcomed the nationalisation of our steel interests . . . in retrospect it might have been a help." Not a hair turns nor is that so surprising given the state of the world steel industry.

Many of the changes currently taking place within GKN can be seen to stem from the nationalisation of steel—for the second time in 1967. Since then the company has grown from a turnover of £355m to one of £1,639 for the year ending December 31, 1977. Much of the growth comes from a long line of acquisitions.

After a decade of growth, the company decided about two years ago to take stock of what it had been doing and to pay greater attention to where it should be going. On examination GKN found it was in 120 separate identifiable businesses —"a messy conglomerate" is how Holdsworth describes it. And "a conglomerate as a philosophy is a nonsense," he adds.

There are two reasons for this: first, he believes that in an international company, managers of the business cannot keep track of too many different products and markets. Second, Holdsworth says that investors are increasingly looking at a company's business and are happier if it is more identifiable.

One problem over the ten-year period following the nationalisation of steel was that the company still hankered after that metal. GKN was making almost instictive decisions taking it back towards steel—"Old habits die hard," says Holdsworth. One example might well be the purchase of Firth Cleveland which he says was an "old style" purchase.

Until GKN began to review its activities in 1977 the impetus of the company's growth had come from the bottom up and one of the things to come out of the review was that the corporate direction should be led from the centre. One reason behind this decision was the realisation that to exist in a post "oil crisis" economy needed a definite strategy. It was no longer enough to rely on simply growing in a growth economy.

"We are looking at a big change in the world economies: after the oil crisis, it is quite different from what went before and growth is going to be much smaller. We have to work against that condition. If we are going to manage against low growth we need to be more highly competitive and therefore we must concentrate ourselves more. A company should know what it is good at and go for it," says Trevor Holdsworth.

Easier said perhaps than achieved. But GKN decided that it needed to develop a comprehensive long term strategy and also to re-organise if it was to move towards achieving it.

In order to develop a central strategic leadership the senior levels of management were re-organised. Before the re-organisation, the top tier of management was muddled. The main board included, among others, three of the 20 chairmen of the sub-groups into which GKN was divided. This presented these particular directors with a certain conflict between their group's interest and that of the whole company. There were also a number of disparate sub-committees determining policies on personnel, marketing and technology having only Sir Barrie Heath, chairman of GKN, as a common member.

The reorganisation of the Board reduced the number of committees to two. The chairman's committee, consisting of Sir Barrie and the non-executive directors, and a management committee chaired by Trevor Holdsworth, and consisting of the executive directors, the three former chairmen of the sub groups now devoting themselves fully to Board duties.

One of the tenets of the management committee is that between them the directors cover all areas of responsibility. This is achieved by giving each member three types of responsibility: 1—products and market; 2—territory; 3—function, such as finance or R and D. When policy is being discussed it means there is always someone responsible for any aspect.

COMPANIES SOLD
Cleveland Lead to Billiton UK (March 1977)
Boscombe Engineering to 4 employees (August 1977)
BKL Cathodic Protection Division to ISC Alloys (January 1978)
Carlson Ford to APV Holdings (October 1978)
Firth Cleveland Ropes to John Shaw (November 1978)
COMPANIES CLOSED (Jobs lost 1,900)
GKN Sankey Plastics Division (September 1978)
GKN Sankey Bumper Division (September 1978)
Precision Forgings (June 1978)
Abercrowe works of GKN Nuts and Bolts (June 1978)
Frederick Mountford (December 1978)
Hot Nut Works (December 1978)
Automotive Fasteners (Glasgow) (March 1979)

Trevor Holdsworth: "A company should know what it is good at and go for it."

The result of this re-organisation is, first, to ensure that the overall strategy of the company comes from the centre, and second, to improve communication laterally within the company.

It continues to be GKN policy that management decisions should be made at the lowest applicable level—all the operating companies are still profit centres. The constraints on the lower levels of management continue to be financial performance and overall company policy.

The strategic planning process, although well under way is far from complete. One decision which has been made is that the 120 separate businesses in which GKN finds itself are too many. The long term objective is to limit the company's activities to five main themes.

So far the company has only identified two of these mainstream businesses in which it has firmly decided to stay for the future; there are, of course, a number of tentative ones. The identified businesses are automotive components and industrial and wholesale distribution.

Over and above setting down mainstream businesses GKN has also looked at those constituent parts and divided them into two categories. One is "maximum" support, which means the company is giving this area priority for growth and the other is what GKN calls "ongoing" support which is to sustain the business at its current level and maintain market share.

Holdsworth is anxious to emphasise that both policies should be seen as "positive." An example is the industrial and distribution business area. Under this generic heading are four main businesses: steel services, which is largely stockholding; after sales automotive parts; distribution of industrial fasteners and components; distribution of hardware—all makes from ironmongery to garden tools—to retail outlets.

Almost all of the wholesale business has been defined as a maximum support area by GKN. The exception is steel stockholding where it already is the largest in the country, with over 20 per cent of the market. This has been designated "ongoing support"—that is, it should maintain that share.

Similarly almost all of the automotive component activities are rated as a "maximum" support area. Generally speaking the support sector to which any particular part of GKN has been allocated remains secret, although senior management—the top 40 below board level—knows which category their own grouping comes into.

The relationship between the main business areas chosen by GKN and the geographic strategy it is also pursuing are closely intertwined. Historically, GKN's market has been Commonwealth based and now the emphasis is becoming increasingly oriented towards Europe and North America. This is particularly true of automotive components—which might be described as the apple of the corporate eye.

GKN's products naturally require markets within large, mature and highly developed economies. And as it simplifies its business so it needs to expand its markets in which its products are sold.

Not all of the mainstream business groupings have been finally decided on, although these will obviously bear a close relationship to existing main areas. These are likely to be: turnkey contracting, industrial and constructional services and manufacture of special steels; but Holdsworth does not rule out totally new areas.

But by concentrating the business into a limited number of themes it also means that those parts of the business which do not fit into the grand scheme must be divested. Holdsworth believes that keeping on an operating company which did not belong in a major group could ruin it: "in the end something will go wrong." The divestment programme will probably involve about 12 per cent of GKN's net assets, including companies sold or closed (see table).

Another aspect of GKN's new direction is that growth will have much less to do with acquisitions and much more to do with organic expansion, says Holdsworth. Which is not to say that GKN won't still be buying companies, although it may be less keen on picking up too mixed a bag which needs much divestment afterwards. The post steel nationalisation lesson has been to keep the company in businesses it knows well.

New efforts to stop decline of small business stake in U.S. economic pie

BY NANCY DUNNE, IN WASHINGTON

WITH SMALL business in the U.S. accounting for over 97 per cent of the total number the assumption can be made, and often is, that small business in the U.S. is thriving.

However, a recent report issued by a small business subcommittee of the House of Representatives has concluded that "economic concentration, riding the tide of an unprecedented merger wave, and monopoly power continue to gnaw away at the foundation of our competitive economic system — the small business."

The report notes that efforts to protect small business began in the U.S. as early as 1890 with the "trust-busting" Sherman Act. Several legislative battles later, in 1953, Congress created the Small Business Administration (SBA) to provide counselling and financing to small businesses. In 1977, the SBA dispensed about $3.3bn to about 32,000 firms.

Despite such assistance and anti-trust efforts by the Federal Trade Commission and the Justice Department, the House subcommittee concluded that "the evidence and data . . . . lead to the inevitable conclusion that these good-faith efforts on the part of the Federal Government to aid small business and reverse the trend towards 'bigness' have failed."

Since statistics are there for all to use, optimists have pointed to the increasing number of small firms (except in manufacturing) and the decline in their failure rate, as a sign of small business health. The subcommittee, though, sees danger in the decline in the importance of small business in the overall economy.

The report cited a trend toward greater economic concentration, which, without direct government intervention, is likely to continue. "It has become readily apparent that an increasing number of small businesses are being forced to share in a decreasing 'piece' of the 'economic pie'," it said.

In manufacturing and retailing, big companies are becoming bigger and are steadily increasing their control of the market. From 1950 to 1976 the 200 largest U.S. manufacturers increased their share of market assets from 47.7 per cent to 58.8 per cent. Census bureau figures show an 8 per cent increase in the percentage of sales by the largest manufacturing firms between 1963 and 1972, and a steady decline in the percentage of sales earned by smaller firms.

In retailing, the subcommittee spotted the same trend. The percentage of total sales by large businesses increased from 29.6 per cent in 1948 to 44 per cent in 1972.

Mergers and failures have led to increasing control by fewer firms in many industries. In the newspaper industry 170 companies now own approximately 60 per cent of the nation's 1,762 daily newspapers. The 404 brewing companies in 1947 had declined to 108 by 1972. The number of independent dairies decreased 54 per cent between 1964 and 1976, and the estimated 40 coffee roasters today compare with 261 in 1963.

The decline of the importance of small business is due in part to changed market and economic conditions and in part to government policies, according to the report.

Advertising has had a devastating effect on many small businesses. In 70 consumer product industries studied between 1947 and 1977, the number of companies declined in two-thirds of those industries

Over 80 per cent of those industries in which declines occurred used heavy advertising.

Inflation and the rising interest rates used to control it hit small firms the hardest, J. K. Galbraith, the economist, told the subcommittee. Credit is generally vital to small firms who are less likely to get it when the squeeze is on. "Being small," Mr. Galbraith said, "such firms cannot pass the higher interest costs of money on to their customers . . . I must say the mystery of our time is how readily and completely small business and its representatives have been gulled into the acceptance of monetary policies that could not be more precisely designed to do them damage."

Small business is also hit hardest by the burden of government regulation and red tape. The Commission of Federal Paperwork estimates that small businesses spend approximately $15bn a year on paperwork imposed on them by various federal agencies.

If small business is in trouble, it is at least finding a greater awareness of its problems on Capitol Hill, and in the administration. The sub-committee report itself is an indication of the "sympathetic climate" that American small businessmen had been hoping for.

The country's conservative drift has produced a number of new members of congress espousing "neo-conservatism" which favours small business over large, and many leading liberals like Senator Edward Kennedy are also reportedly looking favourably on bills to help out small business.

As a result of the subcommittee hearings Congress last year took what many hope will be a first step in a policy of treating small and large businesses on different terms. It passed a graduate corporate income tax which requires that companies with a taxable income of less than $25,000 a year, pay a tax rate of only 17 per cent.

Companies with a taxable income of more than $100,000 have a 46 per cent tax rate.

President Carter, a former small businessman, is also sympathetic to the problems of small business; he has asked all federal agencies for suggestions on means to aid small business, and he has appointed a new chief counsel for advocacy at the small business administration. A White House conference on small business is scheduled for January 1980.

The great weaknesses in the American economy — inflation and declining productivity—are very much responsible for the renewed interest in small business.

Traditionally, smaller firms have been the leading innovators who produced the technological advances which spurred productivity. A national science foundation study for 1953-73 found that small firms produced about four times as many innovations per research and development dollar as medium-sized firms and 24 times as many as the largest firms. But small business, in recent years, have received less than 3.5 per cent of federal research money.

Small business supporters believe a flourishing small business sector can create the competition needed to stem inflation and can produce the technological advances needed to make American productivity what it was in the past.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MACHINE TOOLS

Handling time cut by controller

NUMERICAL control can open up many new possibilities in project planning and in workshop production efficiency, yet appraisals of new or replacement equipment are frequently based on performance comparisons with existing units exclusively.

Much more is possible than direct cost savings, according to Matchmaker Machines. Because numerical control offers repeatability and versatility, there can also be significant improvements in materials handling and the flow of work within the shop. Its new Matchmaker CNC 700 mill, for instance, will permit the user to cut production times, allowing him to handle a greater volume of work. But it will also, immediately, demonstrate its ability to save on materials handling time and reduce workflow within the machine shop.

Multiple work-stations can be reduced to a single one, which is where the economy in handling comes in. At the same time, work-in-progress stocks can be reduced to a very great extent.

All milling operations, apart from initial positioning of the workpiece upon the table, are entirely automatic and tape-controlled. No marking-out is required.

Freed from the need to handle the workpieces, the machine operator can concentrate on quality and output. Very high standards of accuracy in production can be obtained with minimum demands on the operator.

Since work is produced with greater accuracy, less finishing is required and inspection time is reduced. Elimination of a multiplicity of jigs and fixtures should make CNC highly competitive with traditional methods of production.

An additional advantage is a link-in facility which permits more than one component to be made from the same blank and during the same machine cycle. Two or more pieces can be combined for separation later, all from a single tape.

Matchmaker Machines, Central Way, Faggs Road, Feltham, Middx. TW14 0UY. 01-890 6551.

Working on complex components

INTENDED primarily for small batch chucking of parts with complicated profiles of up to 130mm diameter, but capable also of turning workpieces up to 350mm between centres, a new computer numerically controlled centre and chucking lathe is fitted with a new lift-up full-front splash guard which combines safety with easy access to the machining area. The guard also incorporates an additional opening to allow quick entry for the removal and reloading of chuck workpieces.

Spindle motor power is 5kW (6.7 HP) for higher productivity. Tooling options are extensive and there is provision for mounting a single tool holder above the standard 8-station hydraulically-operated turret.

This Weiler lathe is available from T. B. Robertson Group, Robertson House, Caxton Way, Holywell Industrial Estate, Watford, Herts. WD1 8UA. Watford 353333.

Devices to gauge the gears

PROMISING to be one of the largest displays of gear measuring devices ever shown in the UK is the selection appearing on the stand of George Kuikka, Hill Farm Avenue, Leavesden, Watford, at Inspex 79 (April 2-6, NEC, Birmingham).

Range includes Carl Mahr machines and gauges, double flank rolling machines for gears of smallest dimensions, such as instrument gears, watches, clock to automotive gears, and machine tool gears into very large rolling mill gears. All aspects of measurement on these gears will be demonstrated, including techniques such as pitch measurement with full documentation for individual pitch error as well as cumulative error.

Highlighting microprocessor development, Feinpruf has developed a completely new generation of inspection units based on this technology. This applies to simple single length gauging, as well as highly sophisticated curvature and contour gauging, as required for television tubes, crankshafts, etc., says the company.

Precision bore measurement by mechanical, electronic and pneumatic gauges will also be shown.

Further on 09273 70611.

Reducing noise

MANAGERS OF machining shops are required by a number of recent Acts to reduce the amount of noise workers are subjected to during the course of the working day. However, determination of what is producing the noise and of the best means of counteracting it is no easy task.

Machine Tool Industry Research Association has made a special study of the problem and is now a leader in noise analysis. The association is offering a one-day intensive course in analysis to pass on what it has learned to designers, development and production engineers. It could interest engineers in many other areas.

The course will take place on April 25 at the MTIRA Workshops, Hulley Road, Macclesfield. 0625 25421.

Programmed cutting

SAWING WITH a minimum of material handling is possible with a program controlled fully automatic cold saw put on the market by Rivers Machinery, Winnall, Winchester, Hants SO23 7RX (0962 60371).

Main use of the PKS 130PM will be where companies have to cut large quantities of a wide variety of bar sizes and bar lengths from stock. The operator can load up to eight separate cutting jobs into separate compartments on a moving platform adjacent to the saw.

The jobs are then programmed on a console in terms of the various lengths and quantities, together with blade speed and feed rate.

On the take-off side of the saw is a system which works in conjunction with the program to sort the cut lengths into separate compartments.

● AUTOMATION

Logs events and analyses data

CONTINUOUS UNATTENDED event logging coupled with a data analysis service are offered by Penumbra Systems, 9, Burners Lane, Milton Keynes, MK11 3HA (0908 567114).

Events are recorded not on the customary magnetic tape but on 100 x 80 x 10 mm solid state "cachette" able to hold over 8,000 four-bit words. Data is retained for at least five years and the cachettes can be used at least 500 times.

Data is entered from any sensor that produces a series of contact closures or TTL level pulses and is recorded at pre-determined intervals, the maximum count for each interval being over 16m. The number registered is coded and put into the cachette and for a typical interval of say, 30 minutes, the capacity of the store is 56 days. For particularly high pulse repetition rates—from a turbine flow meter, for example—the input count can be scaled before writing.

For each cachette used a header message is written carrying the logger's serial number, time and date, and the currently set recording interval which can be between 7.5 mins and eight hours.

The company can supply a cachette reading system based on a PDP 11/03 minicomputer and floppy disc, or alternatively the full cachettes can be sent to Penumbra where the data will be converted to line printer listings, punched paper tape or industry standard magnetic tape. Statistical analysis is also offered.

Operating for one year from batteries, the logger measures 450 x 340 x 140 mm and weighs 7 kg. Working temperature range is −15 to +50 degrees C.

● CONSTRUCTION

Traffic control barrier

A RISING step traffic control barrier called Hydrakerb, built to British Standard 4469, has been put on the market by APT Controls, 77 Scrubbs Lane, London, NW10 (01-960 0111).

Operated hydraulically, the unit can be installed in an eight inch recess so that site preparation is minimal and the cost of building work fairly low. Its design makes it suitable for all car parks, including multi-storey buildings with pre-stressed or suspended floors, or where ceiling height is limited.

Hydrakerb is intended to control vehicles with an axle weight not exceeding five tonnes and is supplied with traffic lights and a free-standing power pack housing.

The barrier has a heavy gauge steel chequer plate top surface and is finished in yellow and black stripes. It can be raised in three seconds and can be instantly reversed. Should the mains fail, it retracts immediately.

The associated hydraulic equipment can be sited up to 10 metres away.

Shelves slide into place

BECAUSE new design shelving brackets are simply slid into a backplate which has been screwed onto a wall, there is no need for uprights to be used in a shelving system available from Elegant Living, 618 King's Road, London, SW6 2DU (01-736 2223).

Apart from the aesthetic benefit of uncluttered walls, the elimination of uprights simplifies installation and, particularly for the do-it-yourself enthusiast, there is a great saving in time and fitting.

Narrower, single shelves can be fitted over radiators, or in the bathroom, but where a centre bracket is used, shelves can take heavy items such as television sets and hi-fi equipment, says the maker, Pollard

Sawmills in Honduras

ENSO-GUTZEIT OSAKEYHTIO and Corporación Forestal Industrial de Olancho S.A. (Corfino), of Honduras, have signed an agreement concerning technical co-operation in connection with the building of at least two sawmills, which constitute the first phase of the so-called Olancho project.

Enso's technical experts will assist and instruct Honduran partners in the optimal use of forest resources, sylviculture, wood recovery, and building of production plants.

The resources, situated in the eastern parts of central Honduras, cover 1.5m hectares, of which 500,000 are pine exclusively, corresponding to 32m cubic metres of wood raw material. The total costs of the Olancho project are estimated at $600m, which includes the construction of three sawmills, a pulp mill and a paper mill, as well as forest truck roads and harbour installations, which are already under construction. The combined capacity of the first two sawmills will be about 315,000 cubic metres of sawn goods per year.

● POWER

New circuit breakers

SIEMENS reports that it has introduced a new generation of circuit breakers to accommodate "many differing national standards and practices."

In common with many manufacturers, a modular concept is used employing three widths, two heights and two depths. All the cases are in moulded plastic and are constructed for butting side by side installation.

There are three kinds in the range, designated by application. The 3VE motor circuit breakers are available with ratings from 63 to 630 amps and have delayed adjustable releases for overload protection and fixed instantaneous releases for short circuit protection.

Type 3VN are to protect motor starters, with five ratings from 100 to 630 amperes, while the 3VT units are intended for distribution circuit protection in values from 100 to 1250 amps.

● PLASTICS

Bike wheel made in one operation

A COMPLETE bicycle wheel in a copolymer plastics material has been evolved by Bernard Mozzi Motors in Italy, by injection moulding circular frame, spokes and hubs in one operation.

The polymer used, introduced by Montedison will, the company claims, ensure a bicycle with the same resilience as that obtainable with traditional wheels. It has already undergone two years testing.

According to the wheel maker it is possible to make 60 units an hour with no need for further assembly operations or balancing.

Each of the wheels weighs only 700 grams, about 70 per cent that of a traditional wheel.

The U.K. address of Montedison is 7, Lygon Place, Ebury Street, London SW1W 0JR (01-730 1195).

● POLLUTION

Picks up spilled oil

IN JANUARY, a London Chamber of Commerce mission to Singapore, Malaysia and Thailand showed a range of mechanical oil pick-up systems designed to recover oil spillage —from accidents on factory floor to harbour, estuary and coastal spills—with considerable success.

The manufacturers, Oil Recovery International, expect to develop business worth between £1½m and £2m over the next two years as a result of the interest expressed by government officials and distributors.

The machines rely on the use of a Shell-patented fibrillated polypropylene material, which picks up oil by adsorption and is used with equipment designed to extract the recovered oil from the fibre. The fibre can recover machine, animal or vegetable oils with a maximum content of 15 per cent. It is supplied in the form of a hand mop for use with hand-operated extraction equipment, and in the form of 15m or 31m long 150/300mm-diameter, four-ply rope for use with motor operated extraction equipment. The machines have been recommended for use by Warren Springs Laboratory. Further information from Oil Recovery International, Tuckton Bridge, Christchurch, Dorset. Christchurch 6666.

Keeps the bench clean

DEVELOPED BY Microflow Pathfinder, Minley Road, Fleet, Hants (02514 28441) is a blown air downflow workstation for use in the electronics, medical, pharmaceutical and industrial fields where the end product has to be as free as possible from airborne contaminants.

Air is blown straight down on the work area at about 0.45 metres/sec and leaves through perforated sections on the bench surface; it is then ducted to the upper fan station where it passes through a pre-filter and main filter, the latter removing particles in the 0.02 to 2.0 micron range.

The units can be fixed together to form extended process or assembly lines.

Noise level at 1 metre from the unit is only 58 dB, achieved by fixing the centrifugal fans on anti-vibration mountings, and the low speed of operation.

The units conform to American Federal Standard 209B Class 100, and to British Standard 5295 Class I.

● RESEARCH

Pipeline repair study

PROBLEMS of repairing pipelines under pressure are to be studied for two years by Batelle's Houston Operations and Columbus Laboratories, provided that some 17 companies agree to invest about $5,000 a year in the work.

A typical hazard is a burn-through during welding; or hard, crack-susceptible zones may form in the pipe wall next to the weld. In addition, the pipe contents may become overheated.

Among the aspects that may be looked at are the minimum thickness of material on which welding can be carried out without a burn-through, the pressure levels that can be maintained without burn-through, the effects of the pipe contents and their rate of flow, and the limit of welding energy that can be employed.

More from Battelle at 2223 West Loop South, Suite 320, Houston, Texas 77027.

● COMPONENTS

Proximity switch

OFFERED BY Robertshaw Skil, Greenhey Place, East Gillibrands, Skelmersdale, Lancashire WN8 9SB (0695 23871) is a solid state proximity, or limit, switch operating on the capacitance principle.

When a plate fitted to the moving part that is to be stopped approached the unit, a semiconductor switch operation will stop or reverse the motion.

Encapsulated to withstand extreme shock, vibration and moisture, the unit makes use of a custom-built chip and can operate in a temperature range of −40 to +120 deg. C at vibration levels of ±30g, on any axis from 10 to 500 Hz.

Use of the capacitance principle allows very precise setting and control and the absence of moving parts ensures long trouble-free operation.

CITROËN INCREASE FAMILY ALLOWANCES.

The Citroën CX Familiale is the first eight seater vehicle that neither feels like, looks like, nor drives like a bus. So at last the driver who on occasion needs a large passenger carrying capacity has a civilised and economical alternative to either a second car or public transport.

PASSENGERS OR PARCELS?

The Familiale's seating is arranged in three rows. Two bucket seats in the front row, three individual bucket seats in the second row and a bench seat for three in the back row. And it is a pleasant surprise to discover that all the seating is of the same exceptionally high standard that has made CX a byword for comfort.

Of course if all the seating were fixed and static, the Familiale's carrying capacity would not be used to the full most of the time.

So the entire back row folds flush down to the floor and allows the Familiale to be turned into a five seater estate car instantly, with greatly increased luggage space.

A TOUGH CUSTOMER.

Seats apart, the Familiale is identical to its stablemate, the CX Safari Estate. Those who are familiar with the Safari will know just what good news that is. But for those of you who don't, it means that you can load well over half a ton into the Familiale, arrange it any way you wish, and still the car will remain level. As a result roadholding remains outstanding whether the Familiale is fully loaded or not.

This, of course, is due to Citroën's unique hydropneumatic suspension. All four wheels are independently suspended, and height correctors automatically adjust to ensure the car remains at a constant height from the road. This system makes for a superlatively comfortable ride even over the roughest roads. The self-levelling aspect of hydropneumatic suspension also ensures trouble-free towing up to 1¼ tons, as the tow-bar is kept at a constant height, minimising the possibility of its touching the road on sharp hills and dips.

QUIETLY DOES IT.

When it comes to interior refinements, estate cars are more often than not the poor relation. This is not true of the Familiale. Comprehensive soundproofing ensures that any noise inside the car is due almost entirely to its occupants. It is sumptuously carpeted throughout, and for upholstery there is a choice between luxurious jersey cloth and tough hardwearing Boxline, ideal for sweet loving children and mud loving dogs! The front seats recline fully and have adjustable detachable headrests. The driver's seat is also height adjustable.

VariPower steering is standard, making the Familiale a completely effortless car to park even in the most confined spaces. But VariPower also has a unique advantage over other power steering systems.

The steering gets progressively firmer with increasing feel as the Familiale goes faster, so long distance high speed cruising is much less tiring.

Another relaxing feature for the driver is the imaginative yet sensible fascia layout. All the instruments and the comprehensive array of warning lights can be seen at a glance and immediately understood through the distinctive single spoke steering wheel.

A TOUCH OF CLASS.

Performance too, puts the Familiale into a totally different class. Top speed is a swift 108 mph. Getting there is simple, especially with the optional C-matic transmission. Yet petrol consumption is quite extraordinarily low for such a big car. For example, you can confidently expect to achieve 30.7 mpg (9.21/100 km) at a constant 56 mph (90 km/h).*

SAFETY FIRST.

There are safety features in abundance. Fully-powered disc brakes always ensure full braking efficiency. Both front and rear ends are energy absorbing, helping to prevent damage reaching the rigid passenger compartment. In harness with its surefootedness, these features make the Familiale one of the safest cars ever seen on the roads of Britain.

A word of reliability. Underneath the Familiale's classic lines is a ruggedness of construction easily the equal of that found in its uglier competitors. Major services are only required every 10,000 miles. In addition, like every CX imported into Britain, the Familiale is given an extra thick underbody seal to keep the British climate out.

All in all, the Familiale is arguably the best family car you can buy. Because, with its uniquely flexible seating arrangement, it can take on any number of shapes and sizes. Just like families.

CITROËN CX FAMILIALE.

CX 2400 SUPER FAMILIALE (ILLUSTRATED) £6241.
CX 2500 DIESEL SUPER FAMILIALE £6591.
CX SAFARI 5-SEATER ESTATES, 2400 SUPER £6128. 2500 DIESEL SUPER £6481.

CITROËN

*SIMULATED URBAN DRIVING 18.5 MPG (15.3 L/100 KM), CONSTANT SPEED DRIVING 75 MPH (120 KM/H) 22.2 MPG (12.7 L/100 KM). PRICES INCLUDE CAR TAX, VAT AND INERTIA REEL SEAT BELTS, BUT EXCLUDE DELIVERY CHARGES (£76) AND NUMBER PLATES. (OPTIONAL C-MATIC TRANSMISSION PETROL ENGINES ONLY £305.) PRICES CORRECT AT TIME OF GOING TO PRESS. ALL CITROËN CARS HAVE A 12 MONTHS UNLIMITED MILEAGE GUARANTEE. PLEASE ENQUIRE ABOUT OUR PERSONAL EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME. CHECK YELLOW PAGES FOR THE NAME AND ADDRESS OF YOUR NEAREST DEALER. CITROËN CARS LTD., MILL STREET, SLOUGH SL2 5DE. TEL: SLOUGH 23808.

LOMBARD

The unnecessary commission

BY COLIN JONES

NO ONE should have been surprised by the Government's attempt to wideo the discretiooary powers of the Price Commiooioo by removing the profitability safeguards. Doing something about prices has been the automatic reaction of every governmeot in the past decade and a half when they have thought it wao politically necessary to be saen doing something about inflation. The more ioteresting question to consider is whether we need to have a Price Commission at all.

The case for baving such an institution wao summed up by Lord Cockfield, the Commission's first cbairman from 1973 to 1977, in ao article in *The Three Bonks Review* last year. The two conclusions he said he had drawn from his experienre of adminiotering price controls were, firot, they may be necessary wben drastic measures are required but their main justificatioo on socb occasions io as the other balf of a pay and prices policy and controls of tbat cbaracter cannot last long.

Secondly, there was a need for "a permanent facility to protect tbe community at large in the field of pricing. . . . We suffer in this country from market domination, price leadership, parallel pricing, the lack of effective competition, unwillingness to compete on price . . . and a cost-plus mentality."

Surrogate

The latter argument has been developed further by Mr. Roy Hattersley, the Prices Secretary, since be re-constituted the Price Commission on the lines of Lord Cockfield's "permanent facility" in 1977 when the Government's formal pay policies were dropped. First, the consumer needs an assurance "that prices are not increased when there is no necessity for them to he increased." Secondly, we need "a surrogate for market forces" to encourage efficiency in areas where "the cold wind of competitinn is not blowing very fiercely."

These may seem persuasive wordo but they discount or ignore three cardinal points. First, they gravely underestimate the extent to which competition prevails. It wonld be charitable tn overlook Mr. Hattersley's choice of words in the second reading debate on his Bill last week when he said that "the Commission's work is most valnable and important when it looks at prices in sectors that are *less than perfectly competitive*" (my italics). This no doubt was a slip of the tongue: "perfect competitioo" io a concept used only in the economic text-books of an earlier generation.

What is importaot is effective competition. Measures of output conceotration can mislead eveo wheo competition from imports or from near-substitutes is also takeo into account. Dominant firms, with substantial market power, are not necessarily inefficient as many Monopolies Commission and ooe or two Price Commiosion reports have testified. Those who doubt the exteot to which effective competition prevails should ask themselves wby it was that most companies were unable to raise their prices to the levels the price code permitted in 1975-77, even though the average real return heing made by industry was barely a third of the level of the '60s and only balf of that of the early '70s.

Political whim

Secondly, is any body such as the Price Commissioo, which has completed 30 price investigations in 18 months, capable of achieving tbe taoks Mr. Hattersley bas in mind? As experience of the Price Commission and the Mooopolies Commission—and of similar activities by the Federal Cartel Office io Germany—have sbown, there is room for more than one view on what is a "just price" or a "just return" in differiog sectors of industry. As for efficiency studies, even if the Price Commissioo had acquired a record of percipieoce in this area, which it has signally failed to do, what counts is implementing new ideas and that requires a close and continuing relationship with all levels of the company concerned.

Finally, promoting market pressure is the function of competition policy which already bas its own galaxy of institutions. One cannot make a distinction between industrial structure and industrial behaviour, as Mr. Hattersley tried to do last week. Structural solutions are not easy to bring about, especially in the nationalised sector, while rules about behaviour are at the heart of competition policy. The Government's use of prices policy to *further the political* whim of the moment can only weaken Mr. Hattersley's case for an eventual merger between the Price Commission and the Monopolies Commission.

How to choose a tape recorder

THERE WAS a certain irony last week when I took to lunch the director of the Consumers' Association—overlords of the Good Food Guide. It wasn't the suddeo panic that overwhelmed me when for a split second I thought that my club's head chef was off duty; or the silence that seemed to envelop the dining room when the waiter handed me the wine list to chooe. It was later, when I began to call in the hi fi shops to make a hasty purchase of a portable audio-cassette recorder (to replace an old one) which was needed for interviews this week in New York.

What, I wondered, would the director of the Consumers' Association have said if be could have heard the responses from shop assistants in my quest for a new tape recorder? I went only into the very largest hi fi shops where choice is extensive and, it is hoped, some experience resides behind the couoters.

"I wish to buy a compact cassette portable tape recorder —small enough for a coat pocket, adequate to record a number of people seated round a table. Which one would you recommend?"

The answers ranged from the imbecilic ("I only work here") to the dishonest—the man who did not recommend the Sony, and coincidentally didn't have one in stock; but be later agreed it was very good because be just happened to find one on the sbelf tucked away in a far corner.

Questions I asked are applicable to most tape recorders, and reasonable ones for the discerning buyer to pose. It soon becomes clear however that not only are the answers hard to discover, but it is difficult even to find shop assistants who nnderstand what you mean.

The sensitivity and characteristics of the microphoce are important. A microphone and tape recorder with low sensitivity, adequate perhaps for close-to-the-mouth dictation, is useless for recording a board room discussion; and some microphones are very directional: excellent for picking out specific sounds without other distracting noises, but embarrassing round the table if the chairman's eod is always inaudible.

Recorders with built-in microphones should be tested too, for any tendency to pick up the motor noise of the recorder itself. In the unlikely event that a recorder has no jack socket for an alternative microphone, the usefulness of the recorder is greatly limited.

Battery life may be important with a pocket recorder because some machines will only run for two hours on one set. When travelling overseas, this can pose real problems.

The replay quality of a pocket recorder should be regarded as relatively unimportant, irrelevant and possibly even misleading. As long as it does its job adequately for monitoring speech, if higher quality is later needed—such as for replay of the cassettes at a conference on larger equipment—the only important criterion is its recording quality. It is more difficult and expensive to build high quality, high power replay into a small recorder as well as high quality recording: the two functions are, to some extent, independent of each other. It is even conceivable but unlikely that a recorder with poor quality replay has had the quality built in at the point where it matters most —on the recording side. The subjective way to test this is to ask to hear a recording played back on larger equipment.

The manufacturers' specification ought to offer some clues as well, but is frequently misleading (and in most of the shops I visited, couldn't be found except when I persuaded assistants to open a new machine in its packing).

Signal-to-noise ratio on the specification is a measurement of the inherent, unwanted noise produced on recordings due to the electronics of the machine itself. Invariably there will be some residual hum, and the absolute level of the hum is less significant than the ratio of this noise to the level of the required recording. "Better than 40dB" means that the maximum signal power that the equipment can handle is—as a ratio in decibels to the inherent noise of the equipment—at least of that value; and 40dB is a generally accepted minimum norm.

Frequency response on the specification is of little importance where only speech is being recorded. A range of no more than 200 to 5,000 cycles per second will yield quite satisfactory results, but music needs at least 50 to 8,000 for modern ears. Few if any manufacturers admit to figures worse than the latter these days, but if they are not expressed in relation to a decibel measurement (say plus or minus two decibels) of the evenness of response through-out the range, they are possibly meaningless: a response up to 20,000 is of little use if its power is unnaturally low relative to other frequencies. Most specifications nowadays express frequency in numerically identical units of hertz (and kilohertz) and cycles per second are a symptom of old age.

When buying a larger tape recorder, other considerations become important, especially where quality of reproduction is a high priority. Cassetted tape is not the ideal medium for hi fi recording and reproduction because the tape speed is slow (1⅞ inches per second) yielding lower frequency response; and its narrow width (⅛ inch) means that less area of tape is available for the recording, so that its strength will be lower relative to the inherent unwanted noise produced by the grain of the tape particles and the recorder itself. Hence a poor signal-to-noise ratio.

The larger ¼ inch tape recorders, operating at 3¾ inches per second, or more, are therefore first choice where optimum quality is required. In this quest, other specifications which may be important include separate output socket for connection to a hi fi amplifier (the built-in amplifier on a tape recorder is rarely so good), a switch or bias control to cope with different types of tape coating (at least for chromic and ferric tapes—in an ideal world, the characteristics of the recorder circuitry should be matched to the type of tape used); and manual adjustment of recording level, preferably monitored on a meter rather than by flashy but crude illuminated devices (over-modulation of a recording causes distortion, under-modulation weakens the signal and leads to a poor signal-to-noise ratio).

Wow and flutter mystify the lay user but should be virtually absent in quality recorders. These are both conditions caused by very slight unevenness in the speed of the tape: wow is a slow, cyclical variation in the pitch of the music—like a distorted record; flutter aptly describes itself, affecting high frequency sustained notes—such as violins — with a fluttering variation in pitch. It is relatively easy to test for these faults by playing a tape with both low and high frequency notes of a steady and sustained character.

My own search continues after this last paragraph is written. With more untrained shop assistance to confront, I shall finish the day with a severe attack of the wows and flutters. But one final word of advice. Even though I was paying for the lunch with the Consumers' Association, for the inexperienced audiophile it has to be said that their publication, Which? magazine, is a frequent source of sound advice on the subject of tape recorders (available from 1, Caxton Hill, Hertford SG13 7LZ).

FILM AND VIDEO

BY JOHN CHITTOCK

Border Incident heads for the seaside

RACING

BY DOMINIC WIGAN

WHILE INTENDED Sandown runners were either remaining in their boxes or being sent back on the long haul North on Saturday afternoon, one of Ireland's most successful young trainers, Jim Dreaper, was reshaping his plans for Ballyross.

The Cantab gelding, thought by his handler to be a Piper Champagne Gold Cup proposition before Saturday, bad just proved, in Leopardstown's Kilternan Chase, that the two-and-a-balf miles of the Irish event is almost certainly his optimum trip.

For that reason Ballyross will be re-routed for a similar event at Fairyhouse in two weeks' *time*, hefore being shipped across the Irish Sea for Haydock's rearranged Embassy Premier Chase final on March 2.

He gave runner-up Tarqnestral 13 lbs and a 15-length beating on Saturday. If all goes well at Fairyhouse and Haydock be will reappear 12 days after the Embassy race in Cheltenham's Two-Mile Champion Chase on the first day of the festival meeting.

With little work possible througbout England because of frost on the gallops a number of trainers are looking to swimming and the seaside sands as foundation for preparation of their horses.

Richard Head, whose outstanding though injury prone Border Incident has not run for over 16 months, plans a trip to Weston-Super-Mare on Saturday with bis Gold Cup prospect. He bas not sent animals to work there in the past but feels confident that the trip from Lambourn will prove worthwhile.

Provided that he can get Border Incident reasonably race fit, the Fairlawne Chase at Windsor on February 21 will be that gelding's target before his tilt at the Gold Cup.

Border Incident undonbtedly has the talent to win at Cheltenbam. Head is boping that Uncle Bing will be able to take his cbance in the Grand National. Uncle Bing, injured in the King George VI Chase, is slowly returning to form

● Applications for admission to the Royal Ascot enclosure should be made to Her Majesty's Representative, Ascot Office, St. James's Palace, London SW1 before the end of April.

TV Radio

† Indicates programme in black and white

BBC 1

9.10 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Playboard. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Wiosome Witch. 4.25 Jackanory Writing Competition. 4.40 Star Turn. 5.00 John Craven's Newsround. 5.10 Grange Hill. 5.40 News. 5.55 Nationwide (London and South-East only).

6.20 Nationwide.
6.55 The Osmonds (London and South-East only).
7.25 The Variety Club Awards.
8.10 Blake's Seven.
9.00 News.
9.25 Boxing: Alan Minter (GB) v Rudy Robles (U.S.).
10.15 Harold Macmillan at 85 talks about the past and the future.
10.55 Tonight.
11.35 On the Rocks.
12.00 Weather/Regional News.

All Regions as BBC 1 except at the following times:

Scotland—5.53 pm Reporting Scotland. 6.15-6.25 Party Political Broadcast by the Scottish National Party. 6.25 Join BBC 1 (Nationwide). 6.55-7.25 Songs of Scotland. 10.55-11.35 Tuesday Night. 12.00 News and Weather for Scotland.

Wales—10.00-10.20 am and 2.32-2.37 pm I Ysgolion. 5.55-6.20 Wales Today. 6.55 Tom and Jerry. 7.00 Heddiw. 7.30 Pobol Y Cwm. 8.00-9.00 Welsh Sports Personality of 1978 Award, live from Cardiff. 11.35 Dechrau Slarad. 12.00 The Variety Club Awards. 12.45 am News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.25 Make Mine Country. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.55-7.25 East (Norwich) Dały On a Tuesday; Midlands (Birmingham) Look! Hear!; North (Leeds) The Object In Question; North East (Newcastle) Looks Natural; North West (Manchester) A Grand Sing—The Sing-Off; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Peninsula; West (Bristol) Sports Show.

BBC 2

10.30 am Workstalk.
11.00 Play School.
2.30 pm The Business World.
3.00 Crime Writers.
3.30 The Living City.
4.00 Conversazione.
4.50 Open University.
6.55 Two Off the Cuff.
7.05 The Fishing Race.
7.30 Mid-Evening News.
7.40 The Master Game Trophy Chess Tournament.
8.10 Life on Earth.
9.05 Call My Bluff.
9.35 Man Aliva.
10.25 Sacha Distel and Guests.
11.10 Late News.
11.25 Darts: Embassy World Professional Championship.

BBC 2 Scotland only—6.55-7.05 pm A Party Political Broadcast by the Scottish National Party.

LONDON

9.30 am Schools Programmes. 12.00 Issi Noho. 12.10 pm Stepping Stones. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Tuesday Matinee: "Sunflower" starring Sophia Loren. 4.20 Michael Bentine's Potty Time. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 Give Us A Clue.
7.30 Charlie's Angels.
8.30 Room Service.
9.00 Strangers.
10.00 News.
10.30 Once In A Lifetime.
11.15 Lou Grant.
12.10 am Close: Xaothi Gardoer reads from "The Prophet" by Khalil Gibran.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Housparty. 2.25 Rafiles. 3.20 Out of Town. 3.50 You're Only Young Twice. 5.15 Emmerdale Farm. 8.00 About Anglia. 7.00 Oh Boy. 11.10 Our People. 11.45 Police Surgeon. 12.15 am Christians in Action.

ATV

1.20 pm ATV Newsdesk. 2.25 The Tuesday Movie. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.15 Butlin's Grand Masters Championship. 11.50 Something Different.

BORDER

1.20 pm Border News. 2.00 Housparty. 2.25 Raffles. 3.20 Bygones. 3.50 Unnamed World. 5.15 Out of Town. 6.00 Lookaround Tuesday. 6.25 Party Political Broadcast by the SNP. 7.00 Emmerdale Farm. 11.15 Our People. 11.45 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 2.25 Raffles. 3.20 The Practice. 5.15 Mr. and Mrs. 6.00 Report at Six. 7.00 Treasure Hunt. 10.28 Channel Late News. 11.15 Our People. 11.45 Police Surgeon. 12.10 am Commentaries et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 2.25 Tuesday Matinee: "Yongste Incident" starring Richard Todd. 6.15 Mr. and Mrs. 6.00 Grampian Today. 6.05 Country Focus. 7.00 A Tale of Two Cities. 11.15 Our People. 11.45 Reflections. 11.50 Scotsport. 12.05 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.25 Raffles. 3.20 Out of Town. 3.50 You're Only Young Twice. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 11.15 Our People. 11.45 Oscar Peterson Presents.

HTV

1.20 pm Report West Headlines. 2.00 The Regions Report. 12.30 The Tuesday Matinee. 5.15 Out of Town. 6.00 Report West. 6.15 Report Wales. 6.30 Country Comes West. 7.00 Mr. and Mrs. 7.30 If Clinically Dead. 11.15 Our People.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Y Gwir. 6.00-6.15 Y Dydd. 10.30 Sywydd. 11.15 Weird in Action. 11.45-12.15 am Mind Your Language.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 2.25 Family. 3.20 Regions Report. 3.50 Out of Town. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.25 Party Political Broadcast on Behalf of the Scottish National Party. 6.35 What's Your Problem. 7.00 Emmerdale Farm. 11.15 Living and Growing. 11.45 Late Call. 11.50 Stars on Ice.

SOUTHERN

1.20 pm Southern News. 2.00 Housparty. 2.25 Raffles. 3.20 The Family. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day including Southsport. 6.45 Dick Barton—Special Agent. 7.00 Emmerdale Farm. 11.15 Southern News Extra. 11.25 Our People.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Raffles. 3.20 Frontier. 3.50 Bailey's Bird. 6.10 You Can Make It. 6.00 Northern Life. 7.00 Emmerdale Farm. 11.30 Our People. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.00 Regions Report. 2.30 Tuesday Matinee: "Hell Drivers". 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 11.15 Bodline.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Raffles. 3.20 The Practice. 3.50 Your's Only Young Twice. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 10.28 Westward Late News. 11.15 Our People. 11.45 Police Surgeon. 12.10 am Faith for Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Raffles. 3.20 Calendar Tuesday. 3.50 The Entertainers. 5.15 Doctor on the Go. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.15 Our People.

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 The Meddy Blues Story. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allan (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Folk '79 (S). 8.02 Tuesday Night is Gala Night. 9.02 Jazz Wallace (S). 9.55 Sports Desk. 10.02 Laughter in the Air. 11.02 Brian Matthew presents Round Midnight including 12.00 News. 2.02-5.00 You and the Night and the Music with Ruth Cubbin (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Boyce (S). 9.35 Piano Duo (S). 10.20 BBC Singers at Darby, part 1 (S). 11.10 In Short (talk). 11.15 BBC Singers, part 2 (S). 12.10 Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2 (S). 2.05 Music at St. George's, Bristol (S). 3.05 Quintet of Winds (S). 3.40 Piano Recital (S). 4.30 Brahms on record (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.00 News. 7.30 Radio 3 and Sound. 8.45 Schnabel plays Beethoven. 7.30 John Jenkins (S). 8.00 An Elgar Concert (S), part 1. 8.40 The Representative Men: Schlesinger's Night. Bobby Kennedy (talk by Edmond Wright). 9.00 An Elgar Concert, part 2 (S). 10.10 Schlesinger's Journey by Frank Hugo. 11.00 New Visions String Trio (S). 11.25 News.

VHF only—6.00-7.00 p.m. Open University.

RADIO 4

6.00 a.m. News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre. 11.30 Strange Places and Faces. 11.45 Listen with Mother. 12.00 News. 12.02 p.m. You and Yours. 12.27 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Questions to the Prime Minister. 3.35 Fame is the Spur (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM: News Magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 The Countryside in Winter. 8.45 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 You've Got To Be Joking (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m, 88-91 vhf stereo	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m, 909kHz/330m, & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

BBC Radio London

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call in. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. From 1.05 As Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 AM: News, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,890

ACROSS

1 Weapon giving two signs of acknowledgment (8)
5 Courage coming from liquor? (6)
10 Fat order going to both ends of store (5)
11 Leaving some French art in pure setting (9)
12 Said wrongly soft fruit may possibly vanish (9)
13 Backward college, note, but distinguished (5)
14 Girl in bed doesn't make the grade (6)
15 Bacon fat with nothing on (7)
18 Carriage seen over and under the rail? (7)
20 Professional reviewer gets little credit before one muscular spasm (6)
22 Fish mentioned in Gospel verse (5)
24 Choice for southern poll (9)
25 Strained about four but unremitting (9)
26 Cross, if quiet, would be the main robber (5)
27 A learner surrounded by blood—in abundance (6)
28 Attract attention to added money (8)

DOWN

1 Caught noisy youthleader? It's not quite clear! (6)
2 Exaggerate like the American governor (9)
3 Lazy business associate (5, 7)
4 Strange people start taking scrap (7)
6 Comrades like Bonnie and Clyde (8, 2, 5)
7 Stir up nothing in colour (5)
8 Walking with teamleader to Berkshire town (8)
9 Split pairs left twisting (6)
16 Begin to speak with one drink inside (9)
17 Employing her within for attendance (8)
19 Erosion caught in the country (6)
20 Girl and senior officer taking shelter to the north (7)
21 Fixed with close attention—as Arabs may be? (6)
23 Essential inside if in the plural (5)

SOLUTION TO PUZZLE No. 3,889

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. ENGLISH NATIONAL OPERA.

COVENT GARDEN. THE ROYAL BALLET. THE ROYAL OPERA.

DOMINION.

SADLER'S WELLS THEATRE.

THEATRES

ADELPHI THEATRE. IS BACK IN LONDON'S HAPPIEST AND SPECTACULAR MUSICAL.

ALBERY. A THOUSAND TIMES WELCOME IS "MIRACULOUS MUSICAL".

ALDWYCH. ROYAL SHAKESPEARE COMPANY.

AMBASSADORS.

APOLLO.

ARTS THEATRE.

ASTORIA THEATRE.

CAMBRIDGE.

COMEDY.

CRITERION.

DRURY LANE.

DUKE OF YORK'S.

FORTUNE.

GARRICK.

GLOBE.

GREENWICH THEATRE.

HAYMARKET.

HER MAJESTY'S.

KING'S HEAD.

KING'S ROAD THEATRE.

LYRIC THEATRE.

MAYFAIR.

MAYFAIR THEATRE.

NATIONAL THEATRE.

OLD VIC THEATRE.

OPEN SPACE.

PALACE.

PALLADIUM.

PHOENIX THEATRE.

PICCADILLY.

PRINCE EDWARD.

PRINCE OF WALES.

QUEEN'S.

RAYMOND REVUEBAR.

ROYAL COURT.

ROYALTY.

SAVOY THEATRE.

SHAFTESBURY.

SHAW.

ST. MARTIN'S.

STRAND.

TALK OF THE TOWN.

VAUDEVILLE.

VICTORIA PALACE.

WAREHOUSE.

WESTMINSTER THEATRE.

WEMBLEY.

WHITEHALL.

WINDMILL THEATRE.

WYNDHAM'S.

YOUNG VIC.

YOUNG VIC STUDIO.

CINEMAS

ABC 1 and 2, Shaftesbury Ave.

CAMDEN PLAZA.

CLASSIC 1, 2, 3, 4, Haymarket.

CLASSIC 1, 2, 3, 4, Oxford Street.

CURZON.

LEICESTER SQUARE THEATRE.

ODEON HAYMARKET.

ODEON LEICESTER SQUARE.

ODEON MARBLE ARCH W2.

PRINCE CHARLES.

STUDIO 1, 2, 3, 4, Oxford Circus.

PLANT AND MACHINERY

ART GALLERIES

THE ARTS

Sherman Theatre, Cardiff

Offenbach double bill

by MAX LOPPERT

The Welsh National Opera has dug into the vast and for the most part little-known treasure chest of Offenbach one-act comic operas, and come up with *La Chanson de Fortunio* and *M. Choufleury restera chez lui.* These, io productions and new tranalations by Michael Gellot, form the sparkling double hill that was toured through Wales recently before arriving in Cardiff for two performances last weekend.

Both works date from 1861. Offenbach's reign at the Bouffes-Parisiens, for which they were written (the Welsh National programme gets this wrong), was then at its peak, and his fount of musical invention was gushing out without atint. *The Song of Fortunio* is a charming decoction, by Halévy and Crémieux, the composer's regular librettists, of a Musset play, *Le Chandelier*, for wbose Comedie-Française production some years earlier Offenbach had supplied tbe song of the title. The plot, light but fertile, confronts crabbed, suapicious middle age with the joys of fresb young love in a way that provides opportunities both for comedy and for a supply of memorable melody with a tinge of melancholy.

In *Monsieur Colli-Flahr's At Home*, as the second becomes, the cutting edge of the social-satirising Offenbach is more sharply felt. The subject was suggested by the Duc de Morny, the Emperor's balf-brother — officially, the libretto was by St. Rémy (Morny's pseudonym), Halévy, and others. A successful businessman intent on pushing his way up the social ladder of 1833 has invited to his very first soirée the cream of nobility and, as performers, Sontag, Rubini, and Tamburini. The stratagems that bave to ba applied when the singers are unable to appear allows much parody of Italian opera (Mr. Gellot's version gives us numbers from *Norma di Neath*) in the composer's most brilliant and exuberant vein—the music is at once good psendo-Bellini and a delicious mockery of it, as those in Friday's audience without much experience of the original must nonetheless have appreciated.

If there is anyone still in need of persuasion that Offenbach was one of the geniuses of 19th-century opera, a trip to Leicester for the company's forthcoming appearances there (20 and 21 February) sbould prove a voyage of instruction as well as of entertainment. Indeed, in the best of the one-acters, his special features—the comic quick strike, the unobtrusive hut unfailing sense of instrumental colour, the shapeliness of dramatic and musical form, the mastery of mood—receive their most concise expression. It is high time the record companies put a few more into circulation.

To the robustly anarchic side of Offenbach Michael Geliot's particular skills would appear to be singularly well matched. There is about his *Monsieur Colli-Flahr*, with its broadly undertaken social aatire, cracks at local targets, and flagrant outbursts of farce, a tone of sometimes scabrous earthiness that, while it may not tell us the wbole story of Offenbach, strikes to the root of the unsettling and disturbing qnality in his beadiest inventions. The casting, without weakness, offers aeveral members of the WNO Chorale attractive chances for cbaracter roles; the apoken dialogue bas been polished with commendable (and unusual) precision. Julian Moyle, Meryl Drower, and Mark Hamilton in the leading baritone, soprano, and tenor parts of both pieces give bright performances—Miss Drower's previous waif appearances had not prepared me for the neatness of ber comic playing. (Mr. Hamilton's role of Valentin in *Fortunio* belonged originally to a soprano *en travesti*; but as the Bouffes-Parisiens practice in these matters was evidently flexible, one can hardly complain of its reassignment.) Zestful orchestral playing from a small ensemble under Julian Smith completed the pleasures of a happy evening.

Julian Moyle in 'The Song of Fortunio'

Art Gallery Review

Silver, Dante and wood

by WILLIAM PACKER

The New Year in the art world, pnt out perhaps by all this so sbockingly seasonal weather, has taken rather longer than nsual to get into its stride; bnt now, at last, the holidays appear to be over, and this past week or so has seen a spate, or is it a thaw, of new exhibitions, more than enough, certainly, to occupy several portmanteau reviews. Not all of them are in London: an excellent comprehensive retrospective of David Hockney's career as a print-maker, for example, has opened lately at the Midland Group Gallery in Nottingham (consideration of wbich must wait upon the two other shows of his work due in London this week). And in Manchester the University's Whitworth Gallery bas sprung a small but very special treat.

"Treasures from Chatsworth" is the admirably exact title of the current show (until March 10), for the Duke of Devonshire, Chancellor of the University, continuing his long association with its gallery, has made available from his collections a number of exceedingly cboice items that are rarely, if at all, on general display; and treasures so many of these things most certainly are.

One or two modern works start us off, notably small single portraits of the Duke himself and his Duchess by Lucian Freud, and there is, quite literally, a bandful of fine miniatures, that by Richard Cosway, with its accompanying snuff-box, of that great eighteenth century beauty, Lady Georgiana Spencer, especially seductive. There are, too, some splendid rings, and some equally splendid guns, English flintlocks, and a brace of Frencb duelling pistols, all complete in its fitted mahogany case. But, these fine things notwithstanding, the empbasis of the show is placed firmly, unavoidably, upon the magnificent array of plate, the silver and the gilt, candelabra, cups, ewers, services, pilgrim bottles: extra-ordinary and extravagant objects.

The show does well to be so small and so well-chosen, for it is ricb stuff and almost too much for the timid modern palate, sbockingly decorative, exuberantly inventive, informed by true sculptural wit and control that we must clear our eyes to see. The effort is worth making.

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Back to London and to something very different: Tom Phillips is showing his recent work (at Marlborough until February 27), his first major show in London for some time, and very curious it is. His main preoccupation in this time would seem to bave been with Dante, out of which have come a large number of drawings of the poet's bead, a painting of *him in his study*, with preparatory drawings, after the painting by Signorelli, and a very odd painting indeed that Phillips bimself describes as a "gallimaufrey or bodge-podge" of imagery and recondite reference.

He provides for our benefit a lengthy explanation of this particular work, for its nature is essentially literary, and its subtleties demand decoding. Phillips take infinite pains over bis work, and would rather they did not pass unnoticed. Tbe pity is that his concern with his own earnest endeavours and exemplary intelligence sbould lead so many of bis admirers, of whicb indeed there are a great many, to equate these simple qualities with great visual gifts. They are reassured by the hard work, and the cleverness of it all; be cannot resist the temptation to spell things out—he never could.

The hest works in this show are the simplest, the most direct, the least self-conscious. Phillips is not known for his lightness of touch or technical finesse; yet the signs are bere that, should be step aside from the dominant and determining programmes by which, so far, be bas restricted and justified his work, a somewbat more natural artist might emerge. The portrait be sbows, for example, of Mrs. Cargill, is still fussy and inhibited in its execution, yet far less mannered than his previous essays in the genre. And the bank of drawings of the head of Dante contains some fresh and lively images, enough to make us wish that Phillips would sit in front of the model and draw for its own sake, not to show us how clever he is, but to find out just how good be might be. Best of all is the calendar of the year, a large pastel for each month, that *needs none and is given little*, gloss. By contrast the crudeness and ineptitude of the Phillips' "Signorellis" are inescapable.

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Finally, at Anthony Stokes in Langley Court (until March 3), Nicholas Pope, one of the very best of our younger sculptors, is showing a batch of his most recent work, half a dozen or so disarmingly simple piles or towers of natural wooden blocks. Pope's is an ironical approach, the simplicity of his statement and the apparently raw condition of his materials belying his innate sense of craft, his command of order and structure, and the essential refinement of bis sensibility, his dandyism. Here he heaps up his timber, block on block, almost as a child plays with bricks, but leaving little to chance, for should they all crash down, as we fear they might, that would be no accident. The wonkiness is nicely judged, the asymmetry exact, the placement certain; and from it all comes a play with form and mass, as the concealed planes dance against those facets that are revealed, and a monumental presence, that are most impressive. Pope *really* is our very own, and very gifted whiteman in tbe wood-pile.

Drawing of the Head of Dante, by Tom Phillips

Paris opera—1

Véronique

by MAX LOPPERT

The Opéra-Comique is active once more. Not, it is true, as in former days, when there was repertory opera most nights of the week; but with at least a substantial season of opera and ballet to bring life to the Salle Favart. Except on posters, the Salle Favart remains its current official designation, yet in the choice of programme for 1978-79 the great traditions of the Opéra-Comique are clearly being invoked. *Werther* and *Le Médecin malgré lui* (noticed in these columns) recently given, Philidor's *Tom Jones* and Hahn's *Le Marchand de Venise* still to come; anyone sensible of the significance in the history of opera of this great house must rejoice that at last, after all the "internationalisation" in the revival of Paris operatic life of the 70s, the city's own most important contribution is at last being thus respected and commemorated.

The third opera production of the season was André Messager's *Véronique*. The work is not closely associated with the house (its premiere in 1898 was at the Bouffes-Parisiens, and prior to last month's run it had been played only once, in 1925, at the Salle Favart); but its composer was one of the most illustrious musicians to undertake its musical directorship (1898-1903) and later its chief conductorship (1919-20). Messager's conducting career was distinguished in so many ways and his grounding at the Ecole Niedermeyer as pupil of both Saint-Saëns and Fauré had been so thorough, that the predominantly light character of his own large corpus of stage works comes as something of a surprise.

Véronique, for many years his most popular work on both sides of the Channel, is a bland tale of aristocrats temporarily disguised as flower-shop assistants, set in the Paris of Louis-Philippe. Though there can be detected some distastefully patronising undercurrents, on the surface the plot unfolds neatly, with pretty good humour and sentiment, and with uninterrupted mildness. It is tempting to describe the music likewise, for it has little of the infectious catchiness of the most exhilarating French operatic entertainment, not to speak of the potent drops of social satire and hedonism poured into the mixture by Offenbach, its greatest genius. The most famous numbers—the duet "De ci, de là" with its donkey-cart rhythms, the Swing Duet, and the *Rondeau de la lettre* for the hero Florestan—might almost have been composed by Mendelssohn, if one can imagine his reincarnation half a century later as a composer of Parisian *opéra-comique*.

Yet, in common with the Mendelssohn of, say, the *Songs without Words*, there is more to Messager than at first may meet the score-reading eye. In both, a quantity of lyrical sweetness, underpinned and restrained by nice taste in harmonic progression, is there to be divined by the skilled performer. Such a performer was the conductor of this revival, Pierre Dervaux, who, while maintaining the pace with admirable verve, showed himself responsive to the subtle inner workings of the music. If it is still a little hard to agree with Martin Cooper that Messager "raised French operetta to an entirely new musical level," after such a performance one can see what he means.

The production by Jean-Laurent Cochet was graced with the exquisitely pretty designs, a bell *époque* view of the 1840s as recreated for 1979 tastes, of François de la Mothe (sets) and Rosine Delamore (costumes)—this is a team who can lay on a full palette of colours without the indigestibly overcrowded results all too common in British operetta stagings. Mr. Cochet handled the situations and the cast with an apt combination of knowing artfulness and affectionate simplicity—except that with the near-constant participation of a troupe of dancers, the knowing aspect tended to dominate. The effect would have irritated more seriously had it not been so stylishly contrived, though in the third act a *pas de quatre* simultaneous with the confrontation scene of Hélène-Véronique and Florestan was a bit hard to take.

A very attractive cast was led by the bright young talents and good looks of Danièle Chlostawa (Hélène) and François le Roux (Florestan) — her voice a soprano forward without thinness, his a baritone clear, limpid, and supple. Leonard Pezzino (Loustot), Marc Gaussorgues (Séraphin) and Annick Dnetre (Agathe) gave their numbers with ease and charm; Michel Roux, his 30th anniversary on the Opéra-Comique stage not far off, was an ebullition of high spirits as Coquenard, florist, elect of the Garde nationale, and *bourgeois* (how much more sharply Offenbach would have characterised him!). The spoken dialogue, trimmed down but still plentiful, was handled with the liveliness that seems to come naturally to French singers.

Kenwood House

Beethoven cycle

by DOMINIC GILL

In addition to their regular spring and summertime list of recitals and concerts, Kenwood House have for the first time this year mounted a winter cycle in the Orangery: eight recitals, taking in all of the 32 piano sonatas of Beethoven, on every Saturday and Sunday evening this month.

The pianist is Roger Woodward, whose often commanding, sometimes erratic, ways with Beethoven are by now well known to London audiences. There are many ways of dividing and ordering the sonatas, and each way has its virtues. For this cycle, Woodward has chosen to give them chronologically, keeping all of the early opus sets together in each of the first four programmes. It was a brave decision: to launch straight from cold into the first ten sonatas on two consecutive evenings is no small task—there is no music in the whole of the piano literature more fiercely demanding of the closest focus, or more perilously exposed.

He began on Saturday evening with uncharacteristic reticence, and understandable nervousness. Both the F minor and the A major sonatas of Op. 2 emerged as little more than opening flourishes, experiments with the acoustic, testings of tbe air. By Op. 10 No. 3 he bad relaxed, and got the measure of the music and the hall (and the piano lid had sensibly been raised from half to full-stick). There were fine things in the C major sonata: a tough, brilliant resonance; much quick and subtle voice-leading; and in the adagio some weird and tricky half-pedalling, odd but none the less striking effect.

Once settled, Woodward warmed to his undertaking with vigour and spirit. He is clearly determined that the ride shall not be smooth. From op. 7 to the last of op. 14 on Sunday evening, he kept his audience on its toes—no chance at Kenwood this month to turn for a moment from the music to the pictures on the wall—with a fascinating, maddening see-saw of brilliant inspiration and doubtful, risky interpretation. But no regrets: musicians who take their life into their hands are ever more to be reckoned with than musicians who serve up at every appearance the same, safe routine. We may know Beethoven's sonatas well (and often less well than we think): but they are still today an adventure. The quirks of Woodward's performances, some penetrating, some outrageous, were not flippancies idly proposed—but serious possibilities, even at their most misguided part of the adventure, to be argued or modified, never lightly dismissed.

There were notable successes. The great D major sonata op 10 No. 3 was one of the high points of the weekend—the slow movement a true *largo* of marvellous dramatic presence, the minuet swayed with a lovely vocal lilt, the finale a splendid tour de force, light and fluent, glimmering with fire. At a slightly slower tempo, the opening *presto* would have made a still stronger effect — here, and throughout the two recitals, there was an unbalancing tendency to take a *presto* or a *con brio* or an *alla breve* wherever they occurred, too fast: to forget the fundamental principle that the listener's perception of a tempo is governed more by cunning manipulation of rhythm and rhythmic emphasis, and by touch and timbre, than by actual metronomic speed.

The first movement of the Pathétique Op. 13 was also blurred by a speedway tempo: the *allegro alla breve* marking is admittedly *di molto e con brio*, but Woodward's whirlwind impetus took too much important detail with it over the edge. And to play the accompaniment to the slow movement melody *staccatissimo* may be just on the right side of good taste; but to play the movement at the same time *allegretto* instead of *adagio* sounds to my ears not only wrong, but actually over the borderline with kitsch. The Pathétique was provocative. But Woodward's E major and G major sonatas Op. 14 were both of them, by contrast, models of good manners and close lyrical focus, sweetly sung, beautifully shaped—the andante and finale of the G major in particular done with marvellous wit and style. It will not be a smooth cycle: but it will never be dull, and the rewards, I suspect, could also be great.

The Haydn Society

A new Haydn Society has been formed in association with the music department of Lancaster University. Its principal aims will be to promote a wider knowledge and understanding of the music of Joseph Haydn and his contemporaries.

Its opening event will be an inaugural concert at St. John's Smith Square, London, on Thursday February 15, entitled *Haydn—The Early Years.*

ICA

Bryars & White

by NICHOLAS KENYON

Satie without the wit; Ravel without the grace; Cage without the silence: Rakhmaninov without the tunes: the recent music of Gavin Bryars and John White is all this, and less. From the extravagant dislocations of the classics in Bryars' work with the Portsmouth Sinfonia, and from the "machines" of Whites system pieces (like the *Drinking and Hooting Machine*) the two composers seem to have converged on a dream-like, jumbled, toy-town idiom in which half-remembered echoes of the past flit by the listener's ear, barely disturbing the naively lop-sided constructs of the composers.

The composers perform, on tuba and piano or two pianos, assisted by Dave Smith. Their current preoccupations are made clear: late 19th-century salon music, Percy Grainger, Lord Berners and a sprinkling of jazz. In John White's series of *Piano Duets* the composer aimed not to use "pastiche or condescension": an apter phrase is one be used of a piece several years ago; "the possibility of happily indulged sentimentality." These are doodles built on memories, fey but constantly ear-tickling. *Basingstoke* is the word used in *Ruddigore* to prevent Mad Margaret from slipping back into her madness: perhaps that was the only point of this four-movement tuba-and-piano piece—a bastion of whimsicality against the impossible demands of "serious" art.

Bryars' pieces were more clever, especially *Out of Zaleski's Gazebo*, piano music stuck in hypnotic repeated grooves until a cadence of Graingeresque inanity clicks us suddenly back into time and into the next groove; and the new *My First Homage*, a beautiful cloud of atmospheric nothingness, like a pretty mobile puffed gently by the wind, coming to rest, starting again, coming to rest, occasionally glimpsing someone else's music. Aimless, spineless, even meaningless—but oddly touching, puzzling and engaging.

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A success for Mr. Deng

THE U.S. VISIT by Mr. Deng Xiaoping, the Chinese Vice-Premier, which ended yesterday, has gone just about as well as both the American and Chinese authorities could have hoped. For Mr. Deng himself, it has been a considerable personal success. He has gained considerable exposure for his Government's policies and is generally thought to have behaved impeccably during his official appearances. Insofar as the trip was intended to be an exercise in public relations, it has achieved its objectives.

Broadside

At the same time Mr. Deng has managed to inform the U.S. public directly of his Government's well-known views about the Soviet military threat without overly embarrassing his American hosts. His first broadside, an interview with Time magazine in which he described the Soviet Union as the "true hotbed of war," was tactfully fired from Peking before he ever set foot on American soil. During the visit his tone varied from day to day, but he said little that he had not said before and in some cases appeared more moderate than in the past, declining, for example, to raise with President Carter the idea of an alliance between the West, China and Japan against Moscow.

Progress

For President Carter, the visit has served the useful purpose of confirming that it is only extreme conservatives who have strong feelings against his decision to normalise relations with Peking. The feared large-scale demonstrations by opponents of the policy against Mr. Deng failed to materialise. It has not been a triumph for the President comparable to the Camp David Middle East peace negotiations. But at least nothing went seriously wrong.

On specific issues, progress appears to have been made both on Taiwan and on prospects for the U.S. offering China Most Favoured Nation status—a move that would act as a major spur to increased trade. Mr Deng was unable to give a formal commitment not to invade Taiwan—on the grounds that it would weaken his bargaining position with the Tiapei regime. But he made it clear that China does not intend to use force, a point that seems to have been pretty well taken in Washington. For his part, Mr. Deng now appears to appreciate that some sort of Congressional resolution expressing concern that the two Chinas should not be forcibly reunited may be inevitable for political reasons. The Administration, too, which has been against such a resolution now seems more inclined to accept it, provided it is couched in moderate language.

Reassurances

Mr. Deng appears to have given sufficient reassurances about China's emigration policies—a Congressional precondition for Most Favoured Nation treatment—to improve the chances of a decision to confer MFN in the not-too-distant future. He will probably soon formalise these assurances. There could well be a problem, however, if the Administration were to propose similar treatment for the Soviet Union at the same time.

In one area the visit may have had a negative impact from the Administration's point of view—the struggle to secure Senate ratification of a new strategic arms limitation with the Soviet Union (SALT 2). Mr. Deng did not actively oppose a new SALT agreement, but his warnings that the Russians are not to be trusted could put yet one more weapon in the hands of those who are against ratification.

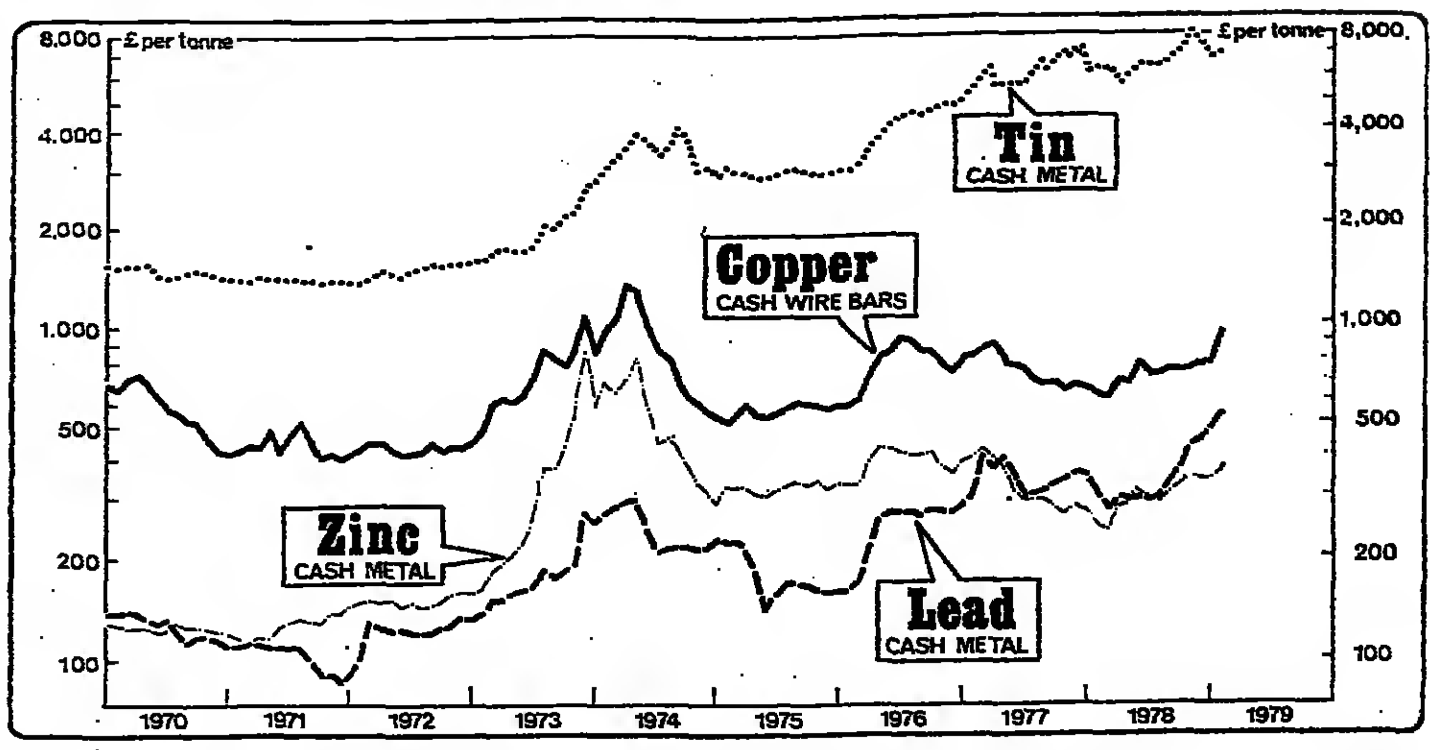
The Russians are sophisticated enough to have been paying as much attention to what American officials have been saying during the visit as they have to Mr. Deng's attacks on "hegemonism." They know that President Carter does not share all Mr. Deng's views and they still want a SALT 2 agreement. Now that the visit is out of the way, they may finally be ready, after a decent interval, to sign the new Treaty at a Carter-Brezhnev summit.

Even-handed

That does not mean that Moscow is unworried about the longer-term consequences of the Sino-American rapprochement. Talk of four-power encirclement of the Soviet Union (by the U.S., Western Europe, China and Japan) is enough to make most Russians extremely nervous; even if it is only talk. SALT 2 will not place major constraints on their arms build-up. Both Mr. Deng and Mr. Henry Kissinger were right last week to warn that SALT 2, by itself, will not solve the world's problems. U.S. officials have concluded from Mr. Deng's visit that it is possible to pursue an even-handed policy of simultaneous detente with Moscow and normalisation with Peking. Possible, perhaps, but not easy.

What has triggered the metal prices boom

By JOHN EDWARDS, Commodities Editor



"THE COPPER market is like a wild beast let out after years of captivity. It's out of control." That was the comment by a prominent dealer on the London Metal Exchange amid scenes of frantic trading activity as market prices for all metals soared higher and higher. Since the start of the year copper prices have shot up from £770 a tonne for cash wirebars to £993 last night—an astonishing rise even for the volatile copper market. Last week alone prices rose by over £80 and yesterday they leapt again by £48, and the three-month quotation topped £1,000 for the first time since mid-1974. In the U.S., producers have lifted their domestic copper prices from 70 to 84 cents a lb during the last six weeks and a move to 90 cents for the first time ever is being widely forecast.

The surge in copper has been largely responsible for pushing up other metal prices substantially. Lead is at a record level, after a spectacular price rise. Aluminium, tin and zinc values have all risen strongly too. Among precious metals, silver and platinum have also achieved record prices.

It all adds up to a metals boom, which if sustained has ominous repercussions for industry and the Government in its fight against inflation. However, although metals are undoubtedly booming at present, no one is certain how long the upsurge will continue mainly because there is no easy explanation as to why the copper, and other metal, markets have suddenly caught fire.

There have been no dramatic new developments this year. All traders can say, with safety, is that the mood of the market has changed after years of depression and it is that potent force—sentiment—that is fuelling the explosion in prices.

Heavy speculative buying, on both sides of the Atlantic, is undoubtedly accelerating price rises. But it can be argued that the change in sentiment is only belated recognition of fundamental developments that have already taken place but were not reflected in the modest price rises during 1978. Gloomy predictions about an industrial recession developing in the U.S. and other countries, this year held back prices during the last part of 1978 when there were many influences that should have pushed the markets up. So the continued strength of demand for metals, aggravated by heavy buying from Communist bloc countries and now by speculators, has finally triggered off pent-up price movements far more violent than if there had been a steady rise over a longer period.

The rising rate of inflation, and the devaluation of the dollar last year, affected all metals. But traditionally the performance of the copper market has the most important impact on the other metals. This is partly because copper production is linked with the output of other metals and is also competitive in various uses. But the main reason for copper's influential role is that it is used so widely throughout industry internationally and the freely-traded Metal Exchange prices provide a good indicator of the state of the world's economy.

Copper is vitally important to the economies of many developing countries dependent on it to provide the bulk of their export earnings. They have suffered badly since the last boom in 1974 as a result of huge surplus stocks driving prices down to well below the cost of production in many cases. But four years of depressed prices are finally starting to take their toll.

Many copper producers have cut back production either voluntarily, or of necessity. Transport and production problems, as well as political developments, have drastically reduced output from the African copperbelt. Zaire claims that output at its Kolwezi mines, after the invasion of the Shaba province last summer, has returned to normal, but the market disagrees, pointing to constant delays in deliveries. Zambia has admitted that production will be substantially down this year, even on 1978's much reduced output.

Zambia is having immense difficulty in shipping out copper production from the minehead to the outside world, despite the reluctant decision to start using transport routes through Rhodesia. A more intractable problem for both Zambia and Zaire is a shortage of skilled expatriate labour which is still needed to maintain production levels. After Kolwezi expatriate workers are even more reluctant, whatever incentives might be offered.

Unrest in Africa

Political unrest threatens the rest of southern Africa, and there seems little chance at present of any significant expansion in production from the African copperbelt.

The other main source of imported copper — South America—is also threatened by political unrest and strikes. Although Chile has managed to lift output, the higher grade ores are now becoming exhausted and considerable investment will be needed to expand production further.

The expansion in Peruvian copper production has been hit by a series of strikes and financial difficulties as a result of the low prices.

In North America, U.S. production was cut back because of low prices and cheap imports. The recent surge in prices may have restored profitability to most mines there, but it will take some time for output to be increased. Canadian production has been hit by the low prices, and two major strikes—at International Nickel's Sudbury complex, which produce all the group's copper as well as the bulk of its nickel and Noranda's Gaspe mine.

All these cutbacks have resulted in a shortage of copper concentrates, the raw material required by smelters, and an acute scarcity of good quality "brands" for wire bars and cathodes.

The surplus stocks are mainly the lower quality grades, which cannot be used by some consumers, and substantial premiums above the market price are being paid for good quality copper.

Indeed producers, when negotiating their supply contracts with consumers for 1979, were able for the first time to build in a premium price structure for the guarantee of regular supplies. This new-found strength resulted from the fact that most producers drastically cut back their supply commitments for 1979 and fabricators are still anxious to ensure that they receive adequate copper to meet their estimated requirements this year.

So far consumers have managed to keep their stocks at a very low level knowing there were more than adequate supplies available whenever required. The high interest rates recently have been an added incentive to continue this policy. Now the situation has changed. The fall in stocks, strong buying by Communist bloc and Far Eastern countries, and fears about further supply setbacks, particularly in Africa, have raised the spectre of possible shortages developing.

One of the few hard facts this year has been the steep fall in the copper stocks held in the London Metal Exchange warehouses dotted throughout Europe. With yesterday's fall, these stocks have declined by 55,000 tonnes this year. Total holdings now stand at 319,075 tonnes compared with the peak of 645,000 only 12 months ago.

The trend in warehouse stocks is usually a good indicator of the changes in the market. The Metal Exchange is essentially a residual market with the bulk of copper sales being transacted direct between producers and consumers, so movements in the Exchange stocks represent the variations in the overall supply situation.

In times of over-supply, surplus stocks flow into the warehouses in the hope of being financed by speculators taking a long-term view or by financial institutions. In times of shortage, consumers look to the Metal Exchange for extra supplies over and above their regular deliveries direct from producers. The theory is that if prices are raised high enough, any metal not immediately required will be attracted to the Exchange. During the past 10 years, stocks of copper have fallen as low as 10,000 tonnes (during the 1974 boom) to last year's peak of over 645,000.

Present warehouse stocks are, therefore, high in historical terms. But no one is quite certain how big a proportion of the stocks is held by long-term investors, not prepared to release them until prices go much higher, or already committed for delivery against previous purchases.

Certainly a significant feature of the market at the moment is that the gap between the cash price and three months quotation is much smaller than it should be to "carry" supplies for three months at the current interest rates. This has led to suggestions that a shortage of supplies available to the market could develop, in spite of the apparently large stocks.

Latest estimates, by the Commodities Research Unit, are that production of refined copper in the non-Communist world at just over 6.5m tonnes fell short of consumption by around 500,000 tonnes in 1978.

This still leaves a sizeable surplus in theory. But earlier predictions that production would rise in 1979 have been confounded by the delays in the start up of the Sar Cheshmah mine in Iran, for obvious reasons, and La Caridad in Mexico because of normal teething problems.

Economic forecasters maintain that the growth in consumption of copper will slow down this year, especially in the U.S. where there has been three years of strong growth in demand. But it is admitted this downturn is now not likely to be felt until the second half of the year. In the meantime the unknown factor on the consumption side is just how much will be bought by the Communist bloc countries, especially with China embarking on its new industrialisation programme. Communist buying has already profoundly affected the lead market by removing surplus supplies and creating an acute shortage. It is likely to be an even more important influence in the years ahead in all metal markets.

Another unpredictable element in the market is the influence of speculators. In recent years speculation, both by the trade and private individuals or funds, has become very much more sophisticated and powerful.

The self-feeding upward move

Fears of inflation, and the erosion of surplus stocks, have attracted speculators back into the metal markets in a big way and large sums are reported to be coming in as the boom gathers pace. The upward move is often self-feeding with speculators using profits already made to buy more and more until the bubble bursts and prices collapse. Trade buyers are not immune either. Is it a speculation to buy extra quantities ahead, in case of higher prices or to avoid shortages? The trick is to get it right, although the higher prices can usually be passed on to the eventual consumer.

The scenario being painted by market experts at present is that metal prices will continue to rise, with some sharp setbacks from profit-taking, during the first half of the year, thus repeating the pattern of the last three years.

What happens in the second half of the year appears to depend on whether predictions of an industrial recession in the U.S. prove to be correct or not. Three years of setbacks after the buoyant first six months has made traders fearful of being too confident the upsurge can be maintained, especially such a big rise. It is remembered that only six months or so ago the market was in the doldrums. Sentiment can change very quickly, either way.

Nevertheless it does seem that the easy times for the consuming countries are probably over after four years of depressed prices. Even at current levels copper, for example, is reckoned to be well undervalued. Although more producers will be returning to profitability, it is calculated that prices of close to $1.25 a pound (nearly £1,400 a tonne) will be needed over a reasonably long period to justify new production expansion projects.

Whatever happens, there will be a time-lag since investment has slowed to a virtual halt in the past few years and it takes at least seven years for a mine to come on stream. So even if the present boom proves to be short-lived, it could well just be the pale forerunner of the kind of prices likely to be seen for metals in the 1980s.

Prices turn for the worse

THE LATEST wholesale price figures add a telling rider to the Chancellor's warning of inflation returning rapidly to double figures if common sense does not prevail on the wages front. For they show that the underlying rate of inflation in industrial costs and prices has already begun to increase.

Input costs

Last month the price index for materials and fuel bought by manufacturing industry rose by 1½ per cent. as against a mere ½ per cent in December, raising the 12-monthly rate from 5 per cent to 8 per cent. Part of this increase, it is true, can be attributed to the rise in the posted price of crude oil recommended by the oil-producing countries in OPEC. But the underlying trend in industrial input costs has been edging up ever since the summer. In the past six months the materials and fuel index has risen by just over 3½ per cent whereas this time last year the trend was downward. The whole of this latest rise has occurred in the last three months: in the three months to October materials and fuel costs remained virtually unchanged.

Evident

It will be some months before the acceleration in raw material costs feeds through into manufacturers' output prices and thus into prices in the shops. But here, too, an upward trend can already be detected. The provisional figure for output prices last month happens to show the smallest January increase since 1973, with the result that the 12-monthly rate fell from 8½ per cent in December back to the level of 7¾ per cent which had been maintained between August and November last year. But the three-monthly comparison brings out the latest trend. On this basis, output prices rose by 2 per cent as against 1½ per cent in the three months to November.

These figures limn out the pattern evident in recent surveys of industrial cost trends. The Price Commission has warned that it has been receiving an increasing number of applications for price increases from industrial companies. The latest trends survey by the Confederation of British Industry pointed in a similar direction, while the Financial Times monthly business survey has been showing a clear upturn in industry's inflation expectations since last summer.

Threat

The change of tone marks the disappearance of two factors which had hitherto been in industry's favour—the low level of world industrial commodity prices, and the decline in the rate of increase in unit labour costs between 1975 and last summer. In the last 12 months The Economist index of industrial commodity prices has recorded an increase, in sterling terms, of 25 per cent while the metals index has shot up by 34 per cent. These rises may not all be held, but they reflect the change in the underlying supply/demand situation since world trade moved off the bottom of the mid-70's recession.

At the same time, unit labour costs (for the whole economy) rose from an annual rate of 7½ per cent in the third quarter of 1977 to 12 per cent in the second quarter of last year, after having fallen from a peak of well over 30 per cent in 1975. Comparisons between the trends for industry's labour and material costs and output prices lend some support to the view that cost increases have not been fully passed on but have been to some extent absorbed by a squeeze on profitability—a tendency that the Price Commission's enhanced powers could make worse still. The threat to investment, growth and employment could not be clearer.

MEN AND MATTERS

Double-barrelled into Europe

With 200 would-be Tory Euro-MPs scrambling for a candidacy, a number have found themselves making awkward calls from far-flung telephone kiosks to say they cannot, after all, report for their sixth selection interview in a weekend.

Among Labour hopefuls, Barbara Castle is thought to have put in for 11 seats. But many Tories have been casting their nets just as widely, resulting sometimes in frenzied journeys up and down the country.

Of the latest batch of successes, Lancashire East is remarkable in having chosen business consultant Edward Kellett-Bowman, trying his luck in two other constituencies: he has secured the fairly good chance of the Euro-seat next-door to that of his wife Elaine, selected for rather-more-Tory-inclined Cumbria.

"We have always worked as a team," says Mrs. Kellett-Bowman. She is already armed with a dual-purpose slogan "E K-B for EEC."

Unusually, she put in for only one candidacy, and apart from Jim Spicer, MP for Dorset West, is the only Tory MP so far to have secured a Euro-candidacy which overlaps with her Westminster seat. "I believe if we are going to make a success of the first directly elected European Parliament," she says, "it has got to cog into the Westminster Parliament. There are going to be a lot of businessmen and so on who will need guiding from those who are old hands."

Partly on the basis of the Common Market referendum, they are convinced that the North-West is actually interested in Europe. One of the more obvious reasons is the Regional Fund, from which the North-West stands to benefit a great deal. But Kellett-Bowman, an old Europe hand, insists that the electorate should not just be interested in what can be extracted from the Community. In his own case, translation to Strasbourg would mean "a considerable financial sacrifice."

"It looks like it isn't going to stop with the lower paid."

Further south, Sir Henry Plumb, former chairman of the National Farmers Union, who failed to secure Tory Cambridgeshire, can breathe freely again having found favour in The Other Place: his Cotswolds constituency, with a likely 13 per cent Tory majority, includes Oxford.

The battle arrangements in the other camps are less clear. The Labour Party seems uncertain whether it is more hostile to Europe or to spending money getting Euro-MPs elected. The Liberals are not in much better shape, although a spokesman said it was "hoped to have chosen 90 per cent of the candidates by mid-March."

Cold steel

Joan of Arc has been drawn into an elaborate snub just issued to President Giscard d'Estaing. He was to have attended celebrations to mark the 550th anniversary of the momentous occasion in the Vosges when Joan heard voices—and was inspired to enter battle against the English.

But Giscard will not be going. The celebrations have been cancelled, as a thinly-veiled protest at the high unemployment in the local steel-making communities. The rebuff declares: "These ceremonies must be sober and modest. We have no right to indulge in sumptuous entertainment . . ."

History also repeats itself. In the Vosges they argue fluently that British steel policies are largely to blame for their own woes.

History on wheels

As soon as the Pope had left the Dominican Republic, a Texan businessman telephoned with an offer for the Jeep in which he had travelled around the country. But in Santo Domingo, the government would not be tempted. The Jeep has been declared a part of the national heritage.

Roy picks Dick

It will be announced today that Roy Jenkins has selected his former colleague, Dick Taverne, as Britain's member of the team to investigate the workings of the European Commission in Brussels. Representatives from France and Germany on the five-man team have been chosen by their governments—but in Taverne's case, Callaghan merely nodded his assent to Jenkins' personal choice.

Taverne was an eager pro-European until he was eased out of the Labour Party; he is now much occupied in TV and radio work. He tells me he expects to spend several days a month in Brussels until the report is drafted.

Dollars for lives

A cash-raising campaign that unites companies as diverse as Citibank and Burger King — each has given $100,000 — seems to have won the heart of cynical New York. Many of the contributions are merely dollar bills posted anonymously to the fund offices.

The aim is to supply every New York policeman with a bullet-proof vest. Each vest costs $1,000, so with 15,000 cops on the city's strength, that is a mammoth task. Within a week or two, the campaign has travelled a third of the way to its $15m target.

Last year, five New York policemen were shot dead and a poll shows that 81 per cent of the force wants bullet-proof clothing — which the city is too poor to supply.

In London, such an idea sounds outlandish. New Scotland Yard only issues the vests "in special circumstances." A spokesman commented yesterday: "We're a long way from New York."

But out at the Heathrow Hotel yesterday, a select audience was showing keen interest in the "body armour" on offer from a Glasgow firm. An exhibition of defence equipment has been laid on to coincide with a conference on Defence and the Muslim World. According to the Glaswegian suppliers, their vests will stop all manner of bullets — not to mention knives and grenade fragments.

China clippers

An elaborate "Departure Dossier" has been prepared by Thomas Cook for tourists planning to visit China. The preamble says: "Rest assured it will be an experience not easily forgotten." A few pages on appears this nugget: "Some hotels have hairdressing facilities catering for both sexes. Standards vary but it is usually good for entertainment in the evenings."

We know that Peking cannot be transformed in a day—but after a tramp along the Great Wall there surely must be more fun around than a session with the barber?

Observer

FINANCIAL TIMES SURVEY

Tuesday February 6 1979

Industrial Property

A revival in the amount of new industrial building is being pushed along by an explosion in the volume of investment and development activity by the institutions. But the market remains subject to the country's economic condition and to demand by industrialists who need to expand.

Steady demand for space

By John Brennan

A SCHIZOPHRENIC element has crept into discussions of the industrial property market in recent years. On the one band there is ample evidence to sbow that British industry has been reluctant to increase its capital investment in new plant and equipment. On the other, there has been an equally undeniable revival in the *amount* of new industrial building, and a positive explosion in the volume of institutional investment in industrial property.

On the face of it these two sides of the same market—the depressingly sluggish rate of industrial expansion and the bullish pace of property investment and development activity—are irreconcilable. Looked at more carefully it is possible to see that this division between the effective needs of factory and warehouse tenants and the enthusiasm of the producers of industrial property is not as clear-cut as the gross figures for new building and industrial investment would suggest. But even if the market is not quite as unbalanced as it at first appears, there remains an uncomfortably wide gap between the bard economic realities of the current industrial situation and the long-term bopes of industrial property investors.

Turning first to the more cheerful analysis of the problem, it is possible to see that British indnstrialists bave not entirely abandoned capital investment, and that developers and investors have not been creating an unfillable mass of new buildings.

Treasury and Confederation of British Industry statistics suggest that private manufacturing investment will bave risen by between 10 and 15 per cent during 1978. Manufacturing output is still barely scraping above the levels reached during the three-day week five years ago, and CBI surveys still suggest that around *half* the country's industrialists believe that they are operating with unused capacity. But at least there is no investment "strike" and these gross figures, depressing as they are, do not altogether negate the continual need for new industrial premises.

There may be no economic miracle to fuel demand for the reconstruction of Britain's stock of industrial property. But at the same time there is steady demand for new buildings to take advantage of changing markets, changing transport systems and modern storage and production methods. However reluctant an industrialist may be to commit cash reserves or to incur additional debt for new buildings, he cannot for long ignore these basic commercial arguments for more modern or for better located space.

Trade unions provide another sharp spur to industrialists who might otherwise be content to remain in out-dated buildings. Whatever the long-term results of the past few years of Government-imposed wage limits, one permanent side-effect of the legislation bas been to extend the scope of the traditional union-management haggle over wages to include the whole range of working conditions.

As decent factory and warebouse buildings rank high on the agenda of any such negotiations, and as very many businesses have in the past taken more care over the bousing of their machinery and stock than of their employees, union prompting bas become an *increasingly important factor* in raising the level of demand in the industrial property market.

These pressures upon businessmen to consider moves into more modern *buildings* even during an industrial recession do not stand out from the broad-brush impression of low investment left by a cursory glance at the economic statistics.

Demand for industrial property is therefore rather stronger than a pessimistic analysis of the investment figures might suggest. At the same time the supply of new property is not so alarmingly large as talk of a new development boom implies.

Such talk gives an unrealistic *picture* of the level of new building in the country. On the best estimates now available it appears that around 10m sq ft of specnlative factory and warehouse buildings were *started in* 1978. Even adding in perbaps the same amount again of prelet purpose-built units, own-account developments by industry and extensions to existing plant, we arrive at a total of new space that represents only between 1 and 2 per cent of the country's total industrial stock.

As many of these new buildings will have been constructed on established industrial sites, and as the site-cover allowed by modern planning regulations and the need for modero transport access is considerably lower than that of older indnstrial estates, it is reasonable to assume that space lost through demolition would have clipped at least a third from the gross total of new buildings started last year. As suitable greenfield sites become increasingly difficult to find, the net-to-gross figures for new buildings are likely to move further and further apart.

Looked at in that way the new building boom can be sean for what it really is, a recovery to a more normal level of industrial building relacement and only a marginal annual addition to the country's total industrial stock.

That summarises the cheerful approach to the current state of the market: industry may not be keen to expand, but even in recession there are always commercial or union-influenced reasons to upgrade the quality of factory and warebouse buildings. At the same time the creation of new industrial property is only of a sufficient size to match this basic letting demand, a point made clear by the national floorspace surveys carried out by King and Co. which in the past 18 months have shown a very steady reduction in the countrywide total of available space.

The less cheerful analysis of the industrial market focuses on the longer term problems of an economy where capital investment remains at a low ebb. Any such analysis strays immediately into the realms of politics, and once there can only be based on speculation.

The worst possible scenario is hardly worth considering; a long-term run down of the economy, drastic Government efforts to reprime the pumps of industrial production with consequent bouts of either runaway inflation or socially unacceptable restraints. That recipe for economic decline would leave no sector of the financial market, let alone the property market, unscathed.

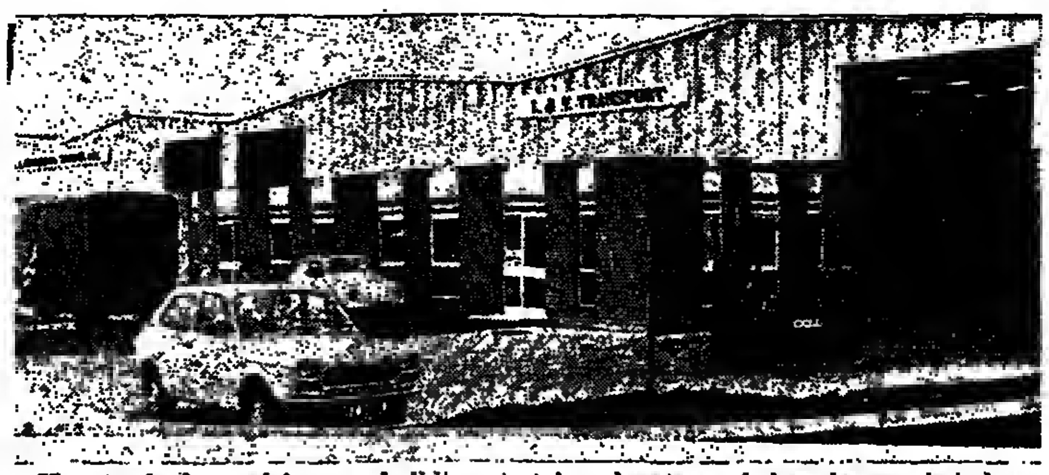
On a less dismal forecast a gradual recovery in capital investment would fairly rapidly absorb the remaining slack in the industrial property market. In that case the relatively short time needed to carry out an industrial scheme, the more than adequate finance available from financial institutions to fund such politically and socially acceptable investments, and the surplus capacity in the construction industry could comfortably meet any upturn in demand for new space. The only real bottleneck to any wider recovery in the development cycle would be the problem of finding suitable development sites.

As the report on industrial development in this survey shows, the prices of development sites have rocketed in the *past year, and developers* complain of a near land famine in the more popular areas of the South East. Yet there is plenty of land suitable for industrial development now lying disused within the inner cities or blighted by local planners still obsessed with housing.

Fortunately, attitudes to planning have been, and still are, changing. Red tape still strangles many schemes at birth, and in the bands of some councils Community Land Act powers take on a frighteningly complex and obstructive form. But partnership schemes with local authorities are becoming commonplace. And if the rates of Development Land Tax were adjusted to eliminate the confiscatory elements built into the legislation at its creation, site acqnisition would cease to be a major problem.

Every aspect of property tends to attract exaggerated comment. If it is a dull week, the slump is upon us. If a couple of good deals bappen to come into public view at the same time—no matter when they were actually agreed and completed—then it is "boom" time again.

So it is with the industral property market. The past year has seen no industrial development "boom," only a long overdue recovery in the level of new building. It will need firm evidence of an equal recovery in industrialists' will to invest before developers and their funding partners really get the bit between their teeth.



The steady demand for new buildings to take advantage of changing markets has produced premises such as these, part of a 44-acre trading estate at Ramsgate, Kent, built in partnership with Ramsgate Corporation

FORTHCOMING PROPERTY SURVEYS

Property in the North West
20th April
Property in Scotland
11th May
International Property
30th May
Property
23rd July
Industrial Property
18th September
Office Relocation
19th October
City of London Property
23rd November

For further information please contact:
Cliff Caunter,
Financial Times,
Bracken House,
10 Cannon Street,
London EC4P 4BY.
Tel: 01-248 8000 Ext. 234

Regional trends

THE LATEST industrial property review published by chartered surveyors King and Co. reflects the trend in the market of an increasing take-up of vacant space and a steady build up of new construction.

The increase in construction work is even more impressive when compared with a year ago when the figure was just 5.8m square feet. And it is worth noting that there was an increasing amount of pre-let building going on in 1978 and this would by-pass the King survey completely, so the trend is even more buoyant.

However, within the regional breakdown there are obvious variations on the main theme.

The increase in warehousing space in the north-west was not anticipated and rather than pointing the way to a definite trend the figures probably say more about the weakness of any survey taken on specific dates. In theory there should be no rise. The sharp increase in factory space was expected, for nearly all of the increase is accounted for by the first time inclusion of the BL closure and, of course, Courtaulds has also boosted the figure in the north-west.

Speculative

In the north-east speculative construction is never very high because English Industrial Estates controls the market, and the construction figure represents mainly EIE building. The warehouse space tends to be of the older type and factory space remains fairly constant.

Yorkshire and Humberside figures—only the second time that King has cut this region out of the North East—reflect the strong letting market, but not much building. Little new property is being built because at the beginning of last year there was a considerable surplus. Though the letting situation has improved considerably, developers have tended to hold off on new construction.

In the West Midlands there is a lot of development going on and the survey distorts the underlying buoyant trend in building.

Meanwhile in the East Midlands there is a sharp drop in the amount of warehouse space available and according to King it is difficult to find the 'right' warehouse in the area. Rents in some areas have picked up and there is an increase in construction.

East Anglia is a fairly quiet area as the figures show, though there does appear to be some pick up in development, but this will probably drop back again.

In Avon and the South West there is a fair amount of activity around Bristol reflecting an upswing in rent levels, though it is difficult to read very much from the figures at present.

South Wales, like East Anglia, is one of the quieter regions. The Welsh Development Agency is very active but a lot of its building is of small units of under 5,000 square feet and this does not show up in the King survey.

The London figures are very much as could be expected. The warehouse space available has declined while the increase in factory space evidently contains a fair smattering of older properties. New factories are snapped up fairly quickly.

Home Counties North is also fairly representative of the market but it is difficult to get development sites in areas around Bedfordshire and Hertfordshire.

In the Home Counties South there is a lot of activity. The warehouse figure is a little surprising as there is plenty of movement on both the letting and development fronts. Possibly the dull figures are just a reflection of movements on the day the survey was taken. Factory space is well down, however, mirroring a reasonably strong letting market.

King's general comments include the view that because of the ability to fund smaller units easily, builders are switching to smaller developments and although activity will appear to continue buoyant, on a square footage basis, new construction could be down this year.

Terry Garrett

OVERALL TOTALS OF FLOOR SPACE IN SQUARE FEET MID-DECEMBER 1978 (AUGUST 1978 FIGURES IN BRACKETS)

	WAREHOUSES (Vacant and To Let/For Sale)	FACTORIES (Vacant and To Let/For Sale)	BUILDINGS under CONSTRUCTION Occupation within 6 months
ENGLAND AND WALES TOTAL:	27,082,000 (28,905,000)	37,031,000 (37,788,000)	10,868,000 (10,230,000)
By Regions			
NORTH WEST (including North Wales)	5,336,000 (4,334,000)	7,266,000 (5,773,000)	1,711,000 (1,611,000)
NORTH EAST	1,227,000 (1,367,000)	4,947,000 (4,812,000)	1,508,000 (1,297,000)
YORKS, HUMBERSIDE (includ. Notts, Lincs, & Derby	2,881,000 (3,761,000)	2,604,000 (3,397,000)	805,000 (1,156,000)
WEST MIDLANDS	2,733,000 (2,412,000)	4,640,000 (4,969,000)	1,490,000 (1,569,000)
EAST MIDLANDS	1,018,000 (1,508,000)	1,356,000 (1,332,000)	709,000 (540,000)
EAST ANGLIA	880,000 (632,000)	769,000 (684,000)	108,000 (71,000)
AVON/SOUTH WEST	1,338,000 (1,276,000)	1,256,000 (1,381,000)	392,000 (291,000)
SOUTH WALES	351,000 (335,000)	1,476,000 (1,609,000)	583,000 (448,000)
LONDON/HOME COUNTIES TOTAL:	11,318,000 (12,780,000)	12,717,000 (13,826,000)	3,562,000 (3,217,000)
A. London	6,400,000 (7,006,000)	7,911,000 (7,241,000)	1,114,000 (1,022,000)
B. Home Counties North	2,315,000 (3,193,000)	3,131,000 (3,975,000)	1,556,000 (1,264,000)
C. Home Counties South	2,603,000 (2,581,000)	1,675,000 (2,610,000)	892,000 (931,000)

N.B. Exclusions from the Totals
1. Premises with floor areas less than 5,000 sq. ft.
2. Premises still occupied but unofficially on the market to let or for sale.
3. Multi-storey mill premises mainly in the North East and North West Regions.
4. "Semi-derelict" premises where it would be difficult to justify refurbishment.

Additional Information (August 1978 Survey in brackets)	WAREHOUSES	FACTORIES
A. Number of premises over 100,000 sq. ft.	90 (83)	
B. Approximate percentage of buildings not more than 10 years old	56 (51)	24 (20)
C. Approximate percentage of single-storey buildings	86 (24)	81 (82)
D. Approximate percentage of multi-storey buildings	14 (16)	19 (18)

Investment a ticklish problem

PROPERTY INVESTMENT is a ticklish problem for financial institutions. Unlike most other investment markets, property manages to exhibit every classical economic definition of imperfection. There are few buyers, few sellers, the product is certainly non-homogeneous, and the information flow within the market is both restricted and selective. On top of that, property has acquired an unusual degree of political sensitivity.

It matters not that schemes to direct new equity capital from the pension funds and insurance companies into manufacturing industry are generally ignored by industrialists. Trying, but failing to help finance industry just adds up to failing in the simple rhetoric of politics. And as that failure could provide a good populist stick to drive the institutions on to the road to direction of investment funds, imagine the relief within those funds' investment committees when industrial property comes on to the agenda.

Industrial property has everything for the fund manager. It comes in a wider range of prices than any other prime property investment, as it is still possible to acquire a top quality unit for under £¼m, a price tag that would cover few shops of corresponding quality and even fewer offices. It can be developed within a reasonable time without the potential cost overruns of a 3-4-year office scheme. It has a sound track record as an investment medium. Best of all, it is politically respectable.

Arguments

There is, however, a feeling of unease in the property market that a number of funds have become a little intoxicated by these arguments for industrials. It is rare enough for investment surveyors to criticise their customers. But in the New Year flood of surveyors' annual reviews there were a number of cautious comments about over-enthusiastic buying by the less well advised institutions.

Leavers went so far as to talk of a two-tier market, with "the most bullish and aggressive of the funds" bidding prime industrial buying yields down as low as 6½ to 7½ per cent, while "more conservative funds" keep away from the sector unless they can buy in the 7½ to 9½ per cent yield range.

To judge by market gossip—which in this imperfect of markets remains one of the best barometers of investment fashion—the surveyor's fears are well justified. There are countless stories of smaller local authority pension funds new to property investment and keen to follow the bigger funds into factories and warehouses that have paid prime prices for schemes still dizzy from their many unsuccessful trips around the investment circuit.

In Phineas T. Barnum's immortal words, "There's a sucker born every minute." And on the fringes of the industrial property market it looks as though 1978 was a particularly fruitful year for the sucker crop.

Unwary buyers tend to hog the headlines, and the few spectacularly low yields accepted on industrial property purchases last year have tended to overshadow the more conservative nature of the rest of the market. But even the more established and more cautious institutions have been willing to see a significant erosion of the traditional yield gap between industrial and office and shop investments. To judge by the various indices of past performance they are right to re-rate industrials. But what of the future?

The Henley Centre for Forecasting recently brought commercial property into the sights of its crystal ball and came up with some dispiriting and some encouraging forecasts for industrial property supporters.

In the view of Henley's computers, industrial rents in 1979 are likely to rise by 14.1 per cent, very comfortably above the rental growth needed to justify buying yields towards the top of the 7½ to 9 per cent range. But Henley's projections of rent growth after 1979 begin to tail off alarmingly.

For 1980 the Centre anticipates average rent increases of only 6.4 per cent and the cumulative rent growth between now and 1983 is only expected to add a third to current rents. In comparison, the Centre expects Central London office rents to increase by 17.3 per cent in 1979, 14.8 per cent in 1980 and then by an average of just over 9 per cent a year until 1983.

What effect does the Centre feel these rent figures will have on investment yields? Well, it recognise the buying pressure of pension funds trying to increase their holdings of industrial property, and forecasts that if prime yields now stand at 7.5 per cent, they will have eased to 7 per cent by 1983 after a temporary dip to 6.5 per cent in 1981.

It sees office yields at 5 per cent by 1983 and prime shop property selling for initial yields of around 5.5 per cent.

Henley does, threfore, accept the self-fulfilling effect of the institutions' enthusiasm for industrial property. Never mind the fundamentals so long

CONTINUED ON NEXT PAGE

Sources of development finance

WE ARE FAST approaching the third anniversary of the passing of the Community Land Act (CLA) and its twin sister Development Land Tax (DLT).

With the introduction of this legislation the property world and its supporters felt that traditional development as Britain knew it was over and that the role of the active property development company was a thing of the past. However, over the past three years Britain has witnessed one of the largest industrial development booms seen this century. What quantity of industrial space has been developed is very difficult to gauge but hardly a week goes by without some new industrial development scheme being announced.

Leading the way in this country have been many of the traditional industrial developers—Slough Estates, Brixton Estate, Percy Bilton, Allnatt London—along with other property companies which had little or no involvement in the sector.

Yet the industrial development boom took off at the time legislation was introduced which the property sector felt was aimed at curbing its activities. At the time of its introduction critics claimed that CLA and DLT would slow down development and in certain areas bring it to a total halt with property companies assuming the role of rent collectors.

But the industrial development boom has proved this not to be the case. And in retrospect many developers now see that CLA and DLT has had little affect in curbing their activities in the industrial sector. Even the hated DLT, which taxes the value of land on the basis that planning permission increases its saleability and worth, has not hit developers as hard as one might have originally anticipated.

Developers were not slow to meet the growing demand for new warehouse and factory space as Britain's economy came through the recession of the early 1970s and industry realised that if it were to be competitive both at home and abroad then it must become more efficient.

Change

Efficiency meant in most cases new industrial space, and demand for modern warehouse and factory accommodation bas been widespread throughout the UK. As prodnction and storage became more technologically advanced during the 1970s, developers and architects bad to change to meet those needs. Whereas eaves heights had been around 15 ft the demand was for higher and higher clearances and now we see the intrnduction of 25 ft eaves.

Another reason for the buge growth in industrial development springing from the enormous demand for space came as a result of dearer energy. No longer could distributors locate their depots and warebouses miles from the nearest motorway or huge supermarket chains have their supply points a long stretch from their outlets.

Distribution, like industry, had to become more efficient in order to make the operation more cost-effective — which is why each month a new industrial estate is announced close to a motorway or large arterial road system.

All these factors gave rise to a heavy demand to new space—a demand which developers who survived the property slump were only too glad to meet. And although the introdnction of the CLA looked as if it might pnsh develnpers into the role nf project managers acting for the landowners, the local authorities, in fact nothing further from the truth has bappened.

In fact so big has the demand for industrial space become that even tbe generally conservative institutions have leapt on tn the bandwagon and many property trusts, pension funds and insurance companies have all started schemes nf their own.

However, while development of freebold land presented no prohlems at all to either the traditional property developer or the institution, land wbich was owned by local authorities was an altogether different matter.

During the early days of the CLA many institutions made it quite clear they were unhappy abont the 99-year leases whicb a developer would receive on local authority owned land. Some institutions told both the local authorities and property developers that they would not fund schemes on conncil-owned land. The leases, they argued, were far too short and that actuarily a leasebold development on a 99-year lease was not profitable over the long term.

With the average life of modern industrial space reckoned to be around 50 years the funder would only get two bites of the cherry over tbe duration of the lease. But land leased over 125 years gave the institution at least a third slice of the cake.

In the early days of the CLA there was a general holding back of development schemes where the developer needed funding from an institution and where that institution was taking an equity stake.

Threats were duly issued from all sides and councils in areas wbere new industrial space was desperately needed began to put pressure on the Ministers to allow 125-year leases. At the beginning the Department of the Environment resisted these nvertures and it was left to the local authorities to come to ad hoc agreements with developers and institutions that leases wnuld be extended to 125 years. In any case many developers, in common with some local authorities, felt the CLA would only last as long as the incumbeot Labour Government. As soon as the Conservatives were re-elected then they would repeal the CLA.

Today many institntions will say that where development is taking place on council owned land an option is beiug granted for a furtber 26 years on the original lease. This has made everyone happy, especially the institutions which are strongly involved in industrial development.

Once the impasse was broken many observers of the property sector wondered aloud whether the traditional role nf the developer was nver and that be would simply fall into the project manager slot. It was thought developers would simply search out the schemes and put together a package for the institutioo which would take over the development once it was built and let.

During 1976-77 this was regarded as fair comment. Most property development companies were still recovering from the crash and were too busy de-gearing to consider taking on further debt of any kind.

The institutions were stepping in to bridge the gap left by a foundering property industry in both the industrial and commercial sectors. They were keen to invest directly into property rather than prop up companies which had over-extended themselves during the halcyon days of 1970-73.

Apart from large institutions such as tbe Norwich Union, Commercial Union and Standard Life which bad already established large and sophisticated property development departments, increasing pressure came from the smaller property unit trusts and bonds.

Tbe trusts and bonds began to find tbemselves flush with money as the economy picked up and confidence returned to the property sector. How to invest this money became of great concern to trust and bond managers.

Pressure was already beginning to build up in the investment market where demand for prime fully let properties was increasing almost daily with tbe consequent fall in yields. Clearly as prices went up and returns down many of the smaller institutions could not compete on tbe same terms as the giant insurance companies and pension funds.

Instead they turned to industrial development, which provided them with an excellent outlet for the cash beginning to pile up. The sector was attractive from many points of view.

First, development was cbeap compared with commercial space and in 1977 looked less of risk than office accommodatinn, which in some areas was still suffering from an oversupply. Second, industrial development was quick. Erection of warehouse accommodation could be completed in a matter of months rather than years, as was normal in commercial development.

However, desplte these advantages institutions took a fairly cautious approach to industrial development. Smaller funds like Fleming, Lazards, Hambro, New Court were not in a position to go scouring the country looking for prime development sites. They bad to wait for mainly private developers to come to them with a complete package consisting of the land with planning permission and the wbole scheme virtually pre-let

Property trusts and bonds were still not in the business of funding speculative schemes even at this stage. However, as industrial development took off and became more competitive the institutions had to take more chances and bend their own rules.

Fleming Property Unit Trust joined with tax expert and property tycoon Geoffrey Bradman on a large industrial development scheme at Croydon, South London. Under the arrangement Bradman guaranteed the rent of the scheme once it was completed until every unit was fully let or the agreed rent roll had been reached.

But even this had to change as the iodustrial development market hotted up. Nowadays it is not unusual for institutions to take on speculative schemes on sites which they consider absolutely prime.

Although it seemed in the early days of CLA and DLT that the institutions and the local autborities would have it all their own way this has not happened in practice.

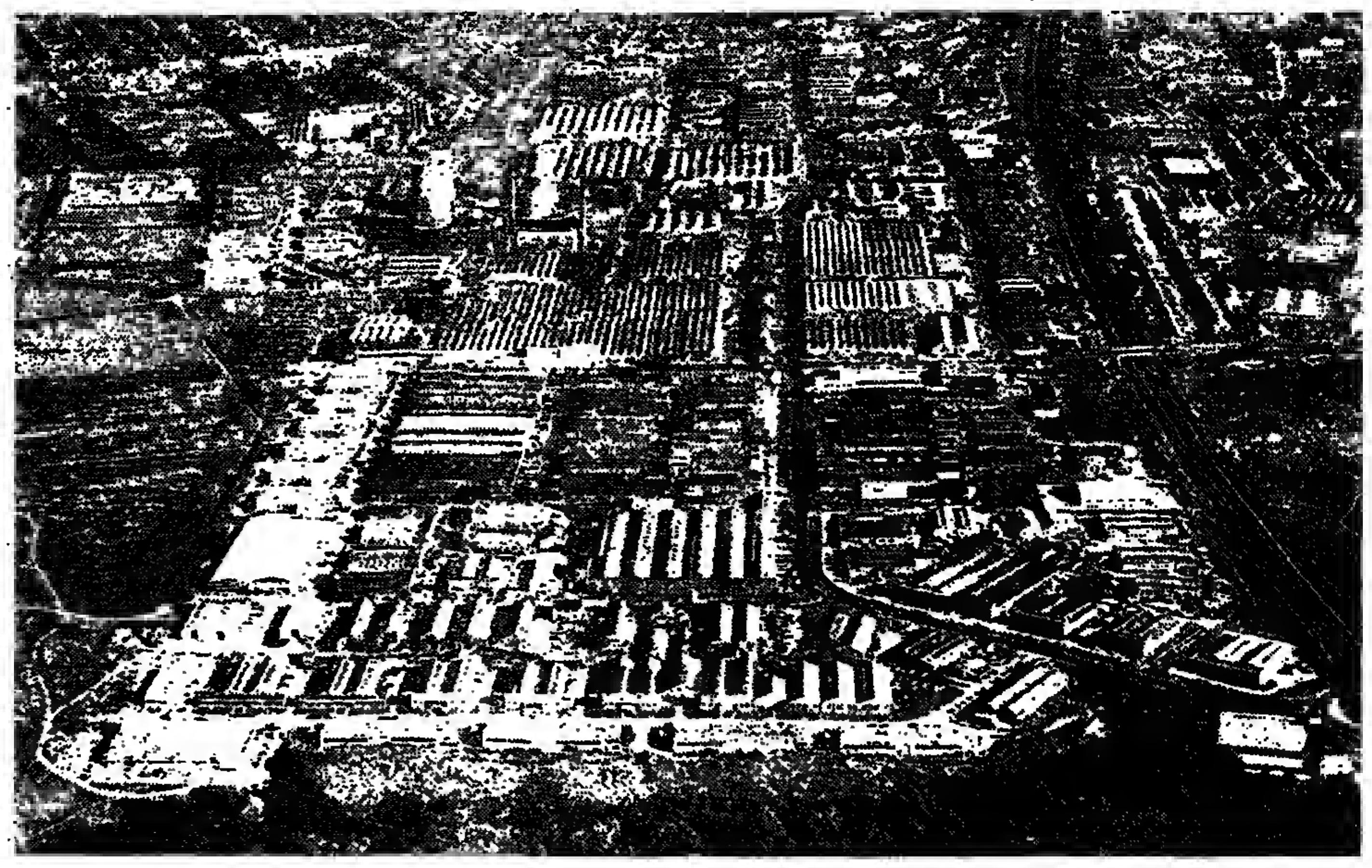
Many of the smaller industrial schemes brought to institutions are from private developers who want to realise an immediate profit on a development once construction has been completed. However, even this is beginning to change as private groups like Viking, Ashville and Dimsdale seek to build up their own portfolios.

Meanwhile the giants of the industrial development world continue to find their own schemes and finance without having to part with any of the equity. The boom marches on. Schemes are getting bigger rather than smaller.

The joint Haslemere/Crudens scheme in Reading covers a massive 72 acres and when finally completed will provide arnund 1.25m sq. ft. of industrial space. There is even talk of larger schemes on the way covering sites of 100 acres or more.

Neither the presence of the institutions nor the efforts of the Labour Government have been able to curb the activities of traditional industrial developers and it is unlikely the steam will be taken out of their efforts until prime industrial land really begins to dry up.

Baron Phillips



The original 600-acre Slough Estate pioneered the industrial estate concept. Recently, the Slough Estates group and similar developers have found renewed demand for factory and warehouse space

Investment

CONTINUED FROM PREVIOUS PAGE

as the capital market remains hot, initial yields will stand below any objective estimate of rental growth. The sheer weight of investable casb will take care of any credibility gap between buying yields and realistic forecasts nf gross redemption yields. And if the actuaries baulk at the figures, there is always another fund down the line keen to take on the property.

In a market such as this, objective analysis looks redundant. It is possible to argue that some of the buying yields accepted by funds in recent months bear little relationship to realistic income potential. But if the market is willing to accept the illogical, why argue? And as Henley's forecasts are based on bypothetical average performance, every fund manager can console himself with the idea that his particular properties are a cut above the rest.

In this important market today's apparantly lunatic purcases of ill-advised funds may well become the sound investment bolding of the future. And so long as industrial property remains a politically acceptable home for institutional finance it will retain a premium value that cannot be expressed in any objective analysis of investment performance, always assuming that there are industrialists to fill the space, or actuaries too impressed by the sector's past performance to notice the voids.

Baron Phillips

INDUSTRIAL PROPERTY IV

Security a major headache

The emphasis on security has forced companies to tighten up on access to their buildings. Here security company employees deliver money by armoured van to industrial premises in South London

INTERNATIONAL terrorism has added a new and appalling dimension to the risks to life and property which few companies or organisations have been able to ignore. For many of them the added costs of providing both staff and equipment to combat this newest security risk are proving to be a very significant addition to overheads.

To the huge private armies of security men employed by specialist companies have been added "in house" security staffs. A great deal of emphasis is now being placed by tenants and companies seeking larger office buildings, on the suitability of properties from the security angle. Property owners have always expected banks to look for special and sophisticated security when seeking a building.

For example, Bank of America was first attracted to its Cannon Street, London headquarters because the building occupied an island site, which made security more simple. After the robbery of the bank's West End premises a few years ago, when the raiders tunnelled their way into the safe deposit vault from an adjoining building, Bank of America sees its security from robbery enhanced by lack of attached buildings.

Tenants of other major office buildings have found that landlords have restricted access to the premises to one entrance, so reducing the number of security staff needed. As an anti-terrorist measure the same procedures have been adopted in some shopping centres and large retail stores. Even some hotels which formerly had access from two street frontages have been forced to seal off one entrance to deter terrorists.

In a multi-tenanted building the provision of these extra security measures falls on the landlord, although in almost every case the cost of providing security is passed on to tenants. These costs, together with service charges for cleaning and other items of expenditure on communal parts of the building, often represent as much as 25 or 30 per cent of the rent paid by the tenant, although in London and other areas of high rentals the percentage is lower.

But the guard against security risks does not end there. The arrangement of fire insurance, intruder alarms and smoke and sprinkler systems are a few of the other costly items which both owners and occupiers have to pay for.

Fire insurance policies normally cover not only loss or damage by fire but other perils—subject to exceptions which are defined in the insurance policy. In much of the post-war period it was possible, once insurance recommendations had been made, for them to remain unchanged for lengthy periods. However, the onset of unpredictable rates of inflation allied to volatile building costs has forced the need for a complete reappraisal of methods.

Insurance companies have found it essential to introduce a number of new schemes to meet the requirements of the market. Most of these treat the inflation element of the sum insured, particularly for industrial and commercial properties, as a special item to suit the needs of the individual policyholder.

Property insurance is complicated by what is known as "average." This is an insurance term for a practice which operates in this way: if a property to which "average" applies is insured for a sum less than its value, then any loss is shared between the insured and the insurer in proportion to their respective liabilities, and the difference between the value and the sum insured represents the figure on which the insured's share of the loss is to be based.

The insured partly therefore contributes to his own loss in the event of his being under-insured. Recently there has been some relaxation in the application of "average" for commercial and industrial buildings in some of the newer insurance schemes which can result in "average" applying only if the sum insured is less than 85 per cent of the full reinstatement value. This gives a margin if there are any unforeseen circumstances in the future in relation to either increased values, delays in reinstatement of a building, or inflation. This margin could be a considerable benefit in the case of partial loss. But if the sum insured was less than 85 per cent of the full value of reinstatement then "average" would be applied in full.

Allowances

Estate agents Richard Ellis has come up with a new approach to the problem for policyholders who are willing to base the sums insured on a professional valuation or who would be prepared to do so in the future. Member companies of the Fire Offices Committee have worked out a common approach in which sums insured comprise two elements for the calculation of premiums; first, the estimated cost of reinstatement at the beginning of the insurance period and, secondly, the allowances in respect of inflation or future increases in costs and the premiums for this part of the sum insured will be calculated at a lower rate with the intention of providing for a saving in premiums.

There can be no doubt that a large number of companies are under-insured for fire risks. One recent survey of 100 companies indicated that two were over-insured, 19 adequately insured and the rest under-insured by varying percentages. The companies surveyed were representative of a broad spectrum of small to medium-sized industrial and commercial concerns and the buildings involved included factories, workshops, hotels, office blocks and shops.

Property owners also require insurance against structural defects in new commercial developments, an area of security which many have been seeking over the years but which few have been able to obtain. But recently the Derby-based Viking Property Group succeeded in obtaining long-term insurance cover against structural defects in its new commercial developments.

The insurance effectively will give a 10-year guarantee against defects arising in the structure of its weather-proofing envelope. Viking was not able to get the cover in the United Kingdom and it fell to a French group to insure the risk. One of the advantages of the insurance is that if Viking sells any insured building within the 10-year period of the insurance cover will be transferred to the new owner for the unexpired term.

To most of us the word security conjures up thoughts of intruder alarm systems and the annoyance of continuous ringing bells from the high incidence of false alarms. The annual turnover of the alarm industry in 1976, according to the Price Commission report, was about £44m, of which more than 50 per cent was for new installations. It is estimated that since 1930 about 300,000 intruder alarms have been installed in the UK. Currently 150 to 200 companies are adding about 35,000 new systems a year and of this total about 25,000 are installed by companies approved by the National Supervisory Council for Intruder Alarms.

These approved installers, of whom there are 110, are required to provide a certificate for each new installation and last year about 26,000 certificates were issued. Around 12 per cent of the new systems are inspected and classified each year by the council. In 1972, the first year the scheme operated, only 10 per cent of the installations inspected had no significant deviations from the British Standard, but by 1977 the figure had soared to 61 per cent.

Based on the council's records for 1976, the type of alarm signalling an intruder was: bell only, 34 per cent; 999 system, 50 per cent; direct line to police or a central police station, 16 per cent. Private houses, clubs and small shops accounted for about 36 per cent of all installations, of which the Price Commission found that about 15 per cent were in private houses. Large retail or wholesale outlets account for a further 6 per cent of total installations by council-approved companies.

Alarms in offices and small trade outlets made up a further 32 per cent and those in industrial companies, in factories and warehouses about 6 per cent. Potentially vulnerable businesses such as banks, building societies, post office and jewellers account for a further 11 per cent, and doctors—often worried about the loss of dangerous drugs—1 per cent of all installations. Public buildings represent about 6 per cent of all installations and public houses and off-licences the remaining 2 per cent.

Although the number of intruder alarms which have been installed in shops, offices and factories over the past few years has been growing steadily there is still a very long way to go before Britain has the 750,000 intruder alarms which the council believes we need.

Rory Ferguson

Companies happy with the market

OVER THE past two years industrial developers have been the stars of the property sector. The great industrial boom which took off at the beginning of 1977 became the saving grace of the property industry still reeling from the effects of the 1973-74 collapse which left the commercial development giants in a sorry state.

During the period which preceded the collapse industrial development was left very much to the specialists such as Slough Estates, Brixton, Percy Bilton, Allnatt London Properties and others. At the time it was considered a dull and unglamorous sector which drew little attention from either investors or funders looking for quick profits from the more sparking commercial developers. While property shares were the darling of the Stock Exchange heavy investment was mainly aimed at the more exciting commercial sector. Shopping centres and office blocks were what investors wanted to hear about, not industrial estates.

Although traditional industrial developers continued to expand their portfolios of industrial estates and the value of their assets, shareholders were demanding that they should embark on more interesting commercial schemes. Shareholders wanted to hear their company directors telling them about massive office projects where tenants were prepared to pay £20-plus per sq ft for space in the City of London. They were not keen then to hear about increased lettings on the companies' industrial estates where rents were as low as £1 per sq ft or less.

Some companies succumbed to their shareholders' pressure and sought the opportunities in commercial development, but others such as Allnatt London continued quietly in the industrial sector. There is little doubt that Allnatt London is the most conservative property company quoted on the Stock Exchange. Founded in the 1950s, it is based on the formula of constructing industrial units only for specific tenants and tailoring each scheme to suit the leaseholder's own requirements. In more than 20 years of continuous development, Allnatt London has rarely embarked on a speculative industrial development.

Today the group has developed about 5.5m sq ft of industrial space which carries a net book value of just under £32m — an extremely conservative valuation. Most experts agree that its portfolio is worth not less than £60m; however, the company has not attracted the attentions of institutional investors.

Apart from Allnatt London's current sound footing, its future prospects look extremely bright, with a tremendous reversionary potential. The present rent roll is about £5m, which works out at less than £1 per sq ft — indicating the historic basis of the group. Mr. Leslie Smith, its chairman, freely admits that early tenants signed 21-year leases with no rent reviews and some of the buildings are contributing no more than 50p per sq ft.

The company is well placed for future development, however Mr. Smith estimates that there are about 50 acres of land available for either development or redevelopment, mainly in the north west London district of Park Royal. In addition, Allnatt London has a further ten-acre site in Swindon which it will develop as soon as there are sufficient tenants.

Rein

With a steady rise in income over the next few years, Allnatt London has little problem in financing its schemes, yet it keeps a tight rein on borrowing. Because future developments will be on land the company already owns there is no need to borrow money for the purchase of sites and their subsequent development. Development expenditure has been running at about £1m-£2m a year, most of which can be financed out of the group's income. Allnatt London is one group in which the institutions have found little to interest them, either from a share purchase point of view or from a financing one.

Pension funds and insurance companies have had a fairly quiet year considering that many observers were predicting that 1978 would be the year of the takeover. Apart from some obvious cases in the commercial development sector, institutions have shown greater interest in developing their own industrial property than in acquiring industrial property companies. What has emerged is that some extremely interesting financing deals have occurred over the past couple of years, in particular the Brixton Estate-Royal Insurance arrangement.

At one time Brixton Estate's development programme far exceeded its market capitalisation and it was having to fund its mainly industrial expansion through bank debt. This in itself concerned shareholders which include Clerical Medical and General Life Assurance, Royal Insurance, The Royal Pension Fund. In November, 1975, Royal Insurance offered a £5m 10-year secured loan to be drawn over a three-year period, and the relationship was further cemented with an additional £5m loan. The price Brixton has to pay for the loan facilities, apart from interest charges, is allowing Royal Pension Fund an option on its ordinary shares which, if fully exercised, could take the insurance company's current holding from about 6.85 to 12.6 per cent.

But for Royal Brixton it appears to be a safe investment. At the 1977 year-end net rents stood at £5.413m, coming mainly from industrial development and investment.

It seems that few, if any, institutions are concerned at making any takeovers of industrial development companies in the present boom market both for shares and demand for space. And no interest is expressed by the institutions in a number of medium-sized industrial developers which are extremely successful in their own right. In some cases it has to be admitted that the market in a particular company's shares is not large enough to warrant the involvement of an institution.

One typical company is the Midlands developers, A. and J. Mucklow, which, to many City analysts, is an unknown quantity. Partly this is due to its concentration of activity in the West Midlands and the fact that this tightly-run family firm has never attempted to excite the market. A. and J. Mucklow went public in 1965 and despite its new status has never tried to over-extend itself or move out of the area which it knows best—mainly the Birmingham and Wolverhampton area. Yet over the last 20 years it has efficiently established itself as a medium-sized development company with a portfolio of about 4m sq ft and a current programme which will add a further 1.4m sq ft to the total.

Like Allnatt, London, Mucklow keeps a very tight rein on borrowings. At the end of the last financial year it had no short-term borrowings although a £2m loan had been taken up over the period. A further £2m loan has been negotiated but repayments do not begin until 1986 which is a very satisfactory situation to be in.

As with other similar companies Mucklow is not keen to part with any equity stake in the schemes it does. It is also interesting to see that there is no clear connection with its financing arrangements and possible institutional shareholding.

Strength

There are a number of other companies similar to Mucklow which do not attract the attention of either the institutions or other major investors—mainly, one suspects, because industrial development is not the high-risk business that commercial development is. Where institutions have a reasonably substantial holding in an industrial development group there appears to be little interest from a pension fund or insurance company to increase this holding. In certain cases this shareholding has been established from a loan facility base and with the current strength of the industrial market finance can be obtained without either letting go of the shares or giving too much of the development equity away.

Baron Phillips

Benefits of insulation

THIS WINTER OF our discontent may have one favonrable spin-off. It may make many British industrialists think again about the advantages of better factory insulation. Back in 1975, when everybody seemed to wake up to the fact that we had an energy crisis on our hands, it seemed obvious that more and more industrialists would see that heat conservation was one kind of conservation that did not clash with economic growth.

The Europeans did realise it. A member of Brixton Estates, a company that develops industrial property in Britain and Europe, says: "The Scandinavians for instance, have always been well ahead in heat saving. of course, they probably have the greatest extremes of climate to deal with. But German standards are higher than ours, too, even after onr new building standards."

Leaders of the property industry are now asking what effect the experience of the last few months will have on the future of industrial building in Britain.

Trade union militancy and rail strikes apart, one of the results of the recent cold weather has been soaring industrial heating bills. After years of mild winters, the sight of heating going full blast and a lot of it wasted warming the pigeons on the roof has prompted conservative industrialists with a suspicion of anything that increases the cost of their investment to take a new look.

The issue of energy saving has been newly spotlighted, not only by the bad winter, hnt by the new building regulations. Property men in some companies say they only make compulsory the limit of insulation they already provide and standards must soon increase agaio to compete with European standards.

It may mean more spending, but it will pay dividends and there are grants and tax advantages available to some companies. The recent talks between government and industry attempted to determine an economic norm for insulation. The Scandinavians base theirs on energy costs ten years ahead. And there is a feeling in the property business that our levels are still pitched too low.

Insulation under the new regulations would increase the cost of roof covering by 10 per cent to 12 per cent. So far, there are no new rules for glass, which means double glazing is not yet compulsory. But there is a feeling that this will come in future years. At present, roofing represents roughly 8 per cent of total factory building costs.

There are worries that not enough research is being done in Britain into new and better insulation methods. They wonld probahly come mora expensive, hnt heat saving would he greater. In Germany the flat roof, easier to insulate, is more common than the pitched roof, more usual over here.

One property man told me: "We would like to provide better insulated factory buildings, but in the present economic situation it is like asking somebody to buy a Mercedes car when all he wants is a Ford Cortina. What we want to get over to the British factory buyer is that spending £1 now on insulation can yield £10 later."

Regulations

Insulation material in this country is mainly glass fibre, an ideal material for the pnrpose. Most of it is home-mannfactured, mainly by three companies: Fibreglass, part of the Pilkington group on Merseyside, Cape Installation, and Newall, part of Turner and Newall.

While wanting to help industrialists with energy saving, some property men fear that regulations in the future may become more and more complicated and bureancratic.

One of the problems of facing insulation research in Britain is the high rate of humidity, particularly around the London area. There have been times in summer when humidity levels have reached 100 per cent and the condensation that results can cause unprotected metal fittings to corrode and maybe fall to pieces in ten years.

People in the industrial building business do not try to hide soch problems. But they do point out to businessmen that the future is on the side of better-insulated buildings. It is not easy to produce new ideas, but experts say we ought to have done more than we have in the years since the energy crisis began.

Alan Forrest

Dilemma in docklands

IS IT proving impossible to regenerate the country's obsolete docklands? After years of discussion, high-powered study teams, special committees and incentives, some of those most closely involved are beginning to answer yes.

Towards the end of last year one Tory councillor on the GLC suggested that London recognise that the problems of the derelict docks are insuperable. All ideas of grandiose development should be abandoned, he said, and the area grassed over and used for recreation.

There have, it is true, been one or two encouraging prospects of pockets of development in some of the country's docks, but overall the areas attract heated discussion rather than concrete building. It is not far short of total standstill when the managing director of one of the country's largest and most successful industrial development groups says simply that he has "never identified a single dockland site which meets the criteria of viable investment."

That man is Mr. Wallace Mackenzie, managing director of Slough Estates. There is a transparent logical progression in his explanation. "We don't see dockland sites ending up being good investments because there is not an adequate demand for space in such areas at the right price. And the reason for the lack of demand is the lack of sufficient facilities and services in these areas."

Mr. Mackenzie points out that the prime consideration for an industrialist is the ability to carry on his business profitably. The availability of a factory in a given area is the culmination of all the other factors which enable him to make profits there.

Services

A factory unit by itself achieves nothing unless the surrounding communications and local services are good and there is a pool of staff. If those facilities are absent building a factory makes no sense and will not attract tenants.

Mr. Mackenzie does not believe that there is any prospect of the vital facilities and services being introduced—at least for many years. The motorways into London's docklands, for instance, are not being built. The proposed Tube under the river is bogged down in central Government opposition. Vital residential services from housing to shopping are caught in the vicious circle that they are not viable until there are people to use them and the people won't come until there are jobs for them and the jobs are not going to materialise until the residential facilities are there.

Meanwhile there is talk of a new bridge across the Thames downstream of Tower Bridge—a matter of critical importance to industry now that Tower Bridge has been closed to traffic heavier than 5 tons (unladen) since last month. But without the back-up spur roads and orbital links the value of a new bridge is doubtful.

Admittedly there are one or two big schemes still on the boil. News International is being enthusiastically supported by the borough of Tower Hamlets in its plans for a 1m square foot £50m development on its 13-acre site in Dennington Street. It is proposing to build some 776,000 square feet of industrial space on the site, with 168,000 square feet of accompanying offices.

An even bigger scheme, however, is in some jeopardy. Mr. Peter Shore, the Environment Secretary, has ordered a fresh investigation into the proposals by the Texan group Trammell Crow for a £60m international trade mart in the Surrey docks.

The concept involves redeveloping 133 acres of derelict docks into a complex which would include a 6-storey 1,000 unit trade showcase covering 6m sq ft. The problem is that the developer is prepared to put only £5m of his own money into the scheme, so in order to go ahead the scheme would need considerable Government backing (probably by way of guarantees).

Both the City and industry have reservation about the proposals and the Industrial Development Advisory Board has already prepared a report which throws doubt on the commercial viability of the scheme.

Apart from these two plans, then, London's dockland remains in much the same state as it has done for years. The new Dockland Joint Committee (DJC) has spawned a further streamlined executive committee comprising the leaders of the five London boroughs involved plus the leader of the GLC, and Sir Hugh Wilson, chairman of the DJC.

But fresh ideas are lacking. The proposal to make the area a free trade zone surfaced and disappeared again under the wider concept of aid to inner areas generally.

The concept of creating a Docklands New Town Corporation, with all the powers of attraction which new towns have, was still-born.

Meanwhile the Port of London Authority has already wrung permission from Government to close the Royal Docks and it is only a matter of time before it gets its way and closes its Millwall and the Indias.

One fresh hope comes in the form of revivals of rumours that the GLC is quietly planning a new east-west lorry route to link dockland with the M40 via the City. And of course the M25 orbital route is pressing ahead in patches.

Routes

Ironically, those lorry routes could further discourage developers from looking at sites actually in the dockland zone, and encourage them to prospect for potential along the routes themselves.

Since 1974 the statue books have included the Dock Labour Act, which established a half-mile wide corridor alongside all the country's ports in which cargo handling is presumed to be the privilege of registered dockers.

The Act has not in fact come fully into force. Aspects of it have been defeated in the House and show no signs of being revived. However, one aspect is in train. The National Dock Labour Board has the power to investigate any cargo handling work within these corridors and, within certain parameters, define it as dock work.

The effect of this has been to inhibit lettings of industrial premises within the corridors. As one developer put it: "The Dock Labour Act has made it advantageous to build on one side of the dividing line and not the other."

What worries tenants is the uncertainty. Because there are no clear-cut definitions as to what work is classified as dock work they fear that if they move into the corridors jobs which may have been freely offered may be defined and controlled by the dock labour authorities.

Within the context of locations decisions, on the other hand, this is a minor factor. If it were the only disadvantage of the docks distribution, companies might well risk it in order to be located so close to their markets.

But communications into and out of the docks—even for local distribution—are poor and look like remaining so, and residential facilities and other services are also under-supplied.

The cocktail, therefore, is not to most companies' taste and the reluctance of developers to build in the areas merely reflects that.

Christine Moir

Changing shapes

THE PHYSICAL distribution manager is still largely a U.S. phenomenon but he, or a senior executive carrying out similar functions, is making his presence felt in a growing number of UK companies.

The increasing interest has received a substantial boost from the economic conditions of the past decade. The recession and the jump in transport costs induced by the oil embargo have focused corporate attention on cost-cutting. The size of the potential cuts available through efficient handling, storage and dispatch of manufactured goods has surprised many company boards.

Computer technologists have been working on the problem of vehicle scheduling since 1963. Recently, by using mini-computers, it has become possible to simplify and streamline scheduling procedures and link them with other work such as order picking.

A typical package, developed under the National Computing Centre's Software Products scheme by Scicon and known as Vanplan, has produced some interesting cost cuts. A study in the middle of last year on what interactive equipment could do for a company with many vehicle and depots—in this instance a major 50-depot food distributor—showed that compared with manual scheduling, the Vanplan approach could save the company £250,000 a year in costs of wasted journeys, inaccurate loading, inefficient use of available goods vehicles and so on. The system would cost the particular user around £25,000 a year.

Transport

But more efficient systems of assembling loading and dispatch are only part of the area available for cost cuts. The local collection and delivery of less than full loads by trucks costs about four times as much as that of long-distance transport in terms of pence per ton mile. Consequently, the sooner trunk loads can be consolidated and the further the trunk vehicles can travel before unloading for local delivery, the cheaper will be the total cost of transport.

So the physical distribution manager's function has expanded to include consideration of not only his in-house systems for vehicle scheduling and order assembly but also his company's interface with long-haul transport systems.

There is a further link in the chain; that of materials management. Essentially this is supervising the procurement of raw materials, stock control, production control and quality control. Here again there are cost cuts available through more efficient materials handling processes.

New equipment is making different space utilisation methods possible. For example, a light duty reachtruck of one tonne capacity recently added to the Atlet range has telescopic forks which can reach forward independently of the mast. With the use of these forks it is now possible to offload pallets from one side only of a vehicle, to reach pallets stored in double tiers of racking from a single side (doubling groundspace available for racking) and, because of its narrow chassis, stacking can take place in a gangway of only two metres.

The equipment and the technology available to the physical distribution manager enable him to minimise storage and distribution costs. But the biggest single parameter governing his job and the one which he is only just getting an element of control over is the shape of the building in which the goods are produced, its location and the distribution infrastructure—both internal and external—attached to the building.

It is difficult, if not impossible, for any executive to do much about a building that is already completed and occupied. If it is a pre-World War II construction it is likely to have two or more floor levels, narrow loading bays, limited access and little or no area for trucks to stand, waiting to be loaded. It is unlikely that it can take modern long-haul transports and modifications to enable it to do so would be expensive.

In the fifties and sixties buildings started to change their shape. Roads were redesigned to enable them to take greater weights, operations started to spread out horizontally rather than vertically and loading bays were redesigned to give flexibility in regard to truck size.

All this was made possible by improvement in transport facilities, particularly road haulage which enabled manufacturers to shift out of relatively cramped vertical city centre sites in larger horizontal fringe areas. The trend was accelerated by a growth in the number and sophistication of property development companies which saw potential profits from the design and construction of industrial estates. The Government played its part in the industry movement by encouraging decentralisation through the assistance given to new towns.

The developers and town planners devoted a great deal of time to studying industry needs in terms of factory design and transport services required. And with a variety of possible new sites becoming available at competing rentals and with increasingly impressive facilities, manufacturers began closer analysis of their specific requirements.

The aim of the exercise, for all the parties involved, has been to find ways of cutting the cost of getting essential services and raw materials on to the site, pushing them together with labour in the most efficient manner possible to produce an end-product that can be dispatched to the customer with the least cost in terms of inventory charges, handling costs and transport fees.

Trucks have become large so loading bays have been extended. Materials handling equipment has improved, so the size and shape of factory floors has changed to accommodate alterations in the production system. Packaging methods and processes have also changed. There is a greater degree of automation in all the functions and a growing tendency to have systems controlled by computer. All this has meant further changes to industrial buildings.

Equipment

Air-conditioning has become necessary to ensure a regular temperature for sophisticated electronic equipment. More complex fire and burglar detection equipment has become necessary. These devices have meant changes in building design and in the flow of traffic through modern factories.

The changes have also meant a change in staff numbers and job types within the industrial centre. More sophisticated production equipment has meant a drop in the number of unskilled workers and a rise in the number of skilled and semi-skilled. It has meant that the modern factory also requires a number of offices where these new technicians can be housed. Changes in staff amenities have also brought changes in building design. No modern factory complex would be built without a staff canteen or ablution block.

There is also the upsurge, particularly in this decade, in awareness of a factory's impact on its immediate environment both visually and in terms of its waste disposal methods. Modern complexes have areas set aside for landscaped gardens and effort is made to ensure that the facade is not a local eyesore. The growing use of cars as a principal medium of transport has meant that factories have to have parking facilities available.

Not all the aspects of building design, therefore, are the preserve of the physical distribution manager. But as the function of any company is to produce and distribute its products as cheaply and efficiently as possible, he does have, or should have, the major voice in site selection and development planning. The environmental aspects and employee parking may help productivity but when it comes to cost cuts physical distribution is the key element.

Terry Ogg

This and the remaining pages of the Survey carry a series of articles reviewing market trends throughout the regions of Great Britain—including re nt levels, the volume of inquiries and development projects.

South East

Firmly in favour

TRADITIONALLY, THE South-East is one of the more active areas of the country for industrial development. Last year was no exception with agents kept busy throughout 1978 by steady, if undramatic, demand. Despite the encouragement to "set up shop" in other parts of the country which desperately need fresh industrial development, the area close to the capital remains the favourite for a lot of businessmen both from the UK and overseas.

The gradual upturn in demand has been reflected in rents, prices and the quality of the property available. At the beginning of 1978 the range of properties on the market was slightly different to those available now. A year ago property portfolios contained a few white elephants, according to Jones Lang Wootton, but developers have been buying up freehold sites over the past year and turning many of them into prime property.

Rents understandably have reflected the continued build-up in demand. Developers in the main industrial regions of the South-East are anticipating prices about £3 a square foot but this figure is still some way off. Rents have probably increased by at least 12 per cent over the last 12 months while some rent reviews have been over 20 per cent and a steady increase is projected for the future.

Although companies are moving to Sussex, where there has been a considerable increase in demand for factory space, they have to compete for their employees with the high pay offered at Gatwick Airport

Review

The Henley Centre for Forecasting is a little less confident than some of the agents, however. The centre predicted in its review last October that industrial rents would rise by 14.1 per cent in 1979, but expected this rate to fall to 6.4 per cent in 1980. Over the next five years rents could rise by a third, it suggested.

Most of the activity has been among the smaller units during the past year and this trend is likely to continue. Jones Lang Wootton picks out an industrial estate it has been handling near Orpington as an indication of the sort of rents that can be achieved. Smaller units of about 4,000 to 5,000 sq ft with little office accommodation have been going at £2.50 a sq ft. Larger ones of 8,000 sq ft and over are turning over at £2.25 a sq ft. This is the sort of rent that industrialists have to pay for prime sites and cheaper sites obviously can be found—as little as £1 a sq ft in some cases, but certainly not prime property.

Bernard Thorpe and Partners confirms the buoyant trend in industrial property. It recently let nine 5,000 sq ft units in Basingstoke at £2 per sq ft and they went very quickly.

Of course the South-East covers a wide area and experience varies vastly within it. For example, agents White Ovar and Company, whose area covers Surrey and Sussex, can point to strong regional variations even in those two counties. Rents in West Sussex are always a bit higher than in the east. For example, in Hailsham landlords are struggling to let brand new industrial property at £1.55 per sq ft. But in Horsham rent levels are up to £2.

White Ovar says that it has seen a significant increase in demand, but the one big problem has been in finding manufacturing units under 20,000 sq ft. Most of the demand has come from electronics companies keen to get into the area. However, once these companies are faced with problems of attracting labour. For example, in Crawley they have to compete with the high wages offered at Gatwick Airport.

Prices have shot up in some areas. At Burgess Hill a factory unit of 11,000 square feet gross has been sold for £270,000 and another of 8,700 square feet fetched £235,000. Both were asking prices and the vendors themselves evidently were surprised at what the two factories fetched. In both cases a price of about £40,000 lower might have proved acceptable.

In the Reigate area, agents Idris Jones also reports plenty of interest but again the complaint is a lack of space, especially at the smaller end. Idris Jones has recently handled five units at the Redhill Distribution Centre near the A25. Most were in the 21,000 to 22,000 square feet range though they can be divided into 10,000 square feet or even 5,000 square feet areas. Rental on a split unit is about £2.25 per square foot dropping to £2 for a complete factory. At Pease Pottage, industrial units are being let at about £2.20 per square foot.

The higher rents represent a significant increase but yields have dropped appreciably. In 1978 prime yields fell well below 7 per cent from say 8 per cent at the beginning of the year and in some cases the return was as low as 6 per cent for prime property. This sort of drop reflects the market's expectations that rental rates will rise still further before long.

The Henley Centre in its review reckoned that purchasing yields on all three types of commercial property — shop, office and industrial—would be under pressure for the next couple of years. The magical £3 a square foot rental for prime property that people are looking for may seem a substantial jump on the current figure of £2.50, but when taken in the context of the next rent review the compound growth rate is far less impressive.

The shortage of sites for the institutions to channel their money is one of the main reasons behind the rise in rents and prices. However, Bernard Thorpe, for example, says that some institutions are taking a hard line and are unlikely to consider yields much below 7 per cent.

Some market men believe, therefore, that the prospects do not look particularly bright for the maintenance of such yield levels, especially with inflation apparently set for an upswing.

But there is no longer much over-capacity in the property market and in some cases, particularly small industrial sites around the 5,000 sq ft size, there are shortages.

Institutional money is still chasing property and that may well keep yields low. Industrial property has particular appeal to small and medium-sized funds, and the smaller units especially are attracting the institution's attention. This fits in well with the current trend to encourage small businesses as a drive to regenerate British industry.

Improving

A year ago confidence in the property market in the South East appeared strong. The past 12 months has justified that optimism and the question now is what is likely to happen during 1979. Rental levels are improving and yields are pointing to a continued increase.

Most of the agents remain optimistic, though any optimism must be tinged with a hint of caution in the current political climate. If the Government puts a squeeze on company profits by price controls and continued high interest rates, this may hit plans for industrial investment. Many companies must be shelving expansion plans while the current problems continue, though whether this will be only temporary remains to be seen.

Terry Garrett

RENTS BY DISTRICTS

Area	Rent in June 1977 per sq ft.	Rent in June 1978 per sq. ft.	Rent in Jan. 1979 per sq.ft.	Percentage increase since June 1978
	£	£	£	%
London Airport	2.00	2.25	2.30	2.2
S.W. London—Inner	2.00	2.65	2.75	3.8
S.W. London—Outer	1.85	2.25	2.40	6.7
Bermondsey/Camberwell	1.70	2.30	2.30	0
East London	1.60	1.75	1.85	5.7
Kings Cross	2.25	2.75	3.10	12.7
Wood Green	2.00	2.30	2.40	4.3
Park Royal	1.75	2.35	2.65	12.7
Hammersmith	2.05	2.50	3.10	24.0
Woking	1.60	1.75	2.25	28.0
St. Albans	2.00	2.25	2.40	6.7
Chelmsford	1.60	1.90	1.90	0
Basingstoke	1.35	1.45	1.50	3.4
Luton	1.50	1.65	1.80	9.1
Swindon	1.25	1.40	1.50	7.1
Cambridge	1.25	1.25	1.25	0
Ipswich	1.00	1.20	1.25	4.0
Colchester	1.10	1.25	1.40	12.0
Maidstone	1.30	1.60	1.65	3.0
Tunbridge Wells	1.50	1.75	1.95	11.4
Reading	1.55	1.85	2.10	13.5
High Wycombe	1.50	1.85	2.00	8.1
Crawley	2.00	2.40	2.50	4.2
Southampton	1.25	1.50	1.75	16.6
Birmingham	1.20	1.55	1.75	12.9
Coventry	1.30	1.45	1.55	6.8
Stoke-on-Trent	1.15	1.25	1.30	4.0
Leicester	1.15	1.40	1.45	3.6
Nottingham	1.15	1.40	1.45	3.6
Cardiff	1.10	1.20	1.40	16.7
Leeds	1.10	1.35	1.40	3.7
Bradford	0.85p	0.95p	1.00	5.26
Manchester	1.30	1.50	1.65	10.0
Newcastle	1.10	1.20	1.20	0
Gloucester	1.25	1.35	1.50	11.0
Exeter	1.20	1.30	1.40	7.7
Glasgow	1.20	1.25	1.30	4.0

SUMMARY

	1976-77 %	1977-78 %	6 months to Jan. 1979 %
Average increase over 12 months in London	21.2	22.8	8.7
Average increase over 12 months in London and Home Counties	22.2	18.9	8.8
Average increase in provinces	15.3	14.6	7.1
Average increase overall	18.3	16.5	7.3

Source: Grant and Partners

London—1

Trend towards storage

THE PAST few years have seen an interesting switch in property interest in London away from office development and towards industrial development.

Many factors lie behind this trend. Not only have fashions in office development changed but the very name itself has uncomfortable associations with the not-so-distant past.

Industrial development, on the other hand, has benefited from the renewal of urban centres: such developments, moreover, are often cheaper to build and easier to let, in that it is not necessary to develop the entire site at the one time.

Fears

Whatever the reasons may be, there is no doubt that London's industrial property sector looks fairly healthy just at present. Rents of £2.50 to £3 per sq ft are widely recorded, against only £2 as recently as 1978. Dron and Wright commented last week that there was "not much around now under £2 a sq ft."

There are the usual fears, which have become stronger in recent years, that industrial development within 50 miles of London leans too heavily towards warehousing and not enough towards factory space. This is undoubtedly true—most developments aim at only 10 per cent of factory space initially.

But it is hard to see what can be done about it. The objections to warehouse concentration are that it creates few jobs in the area, compared to the effect of factory usage.

Yet the London area is becoming more and more a service and storage area, served by the air and sea links, and it is difficult to see where new jobs in heavy industry are going to come from, whatever the property developers do or fail to do.

It is the trend towards storage that made the Heathrow Airport district one of the busiest for the property developer over the past few years. The demand for warehouse space, with easy access to the airport, seemed insatiable until fairly recently—and it was in this area that the best rental take-offs were reported.

However, the latest reports indicate that the peak has passed by, as far as Heathrow is concerned. Rental growth there has slackened as demand was met by the rapid growth of new building. It is thought that labour costs in the airport district have finally made it less attractive for companies to keep their stores in the area, when a journey down the motorway brings cheaper workforce.

Anxious

Thus, while some of the very newest developments around Heathrow are managing to command the £3 per sq ft bracket, demand lower down the scale seems to be softening.

Closer to London, the property tends to be older and with labour costs still a major problem, industry seems no longer quite so anxious to take up storage space. The most favoured areas are the in-between areas—Sunbury, and Kingston, for example. Here, the best premises still command top prices.

Observers think this situation is unlikely to change while London continues to attract its daily quota of office workers, each of whom boosts the market for restaurants, pubs, cafes and the like, all of which need daily or weekly servicing from warehouses within comfortable reach.

In the centre of the City, it is dockland which theoretically offers the best opportunities for industrial development. But development in these areas has not yet provided the driving force which might have been expected.

These general trends have been formalised in the latest Government plans for the south-east of England. The plan lays stress on motorway development.

And, almost as if the Government had read the minds of the industrial property developers, the focal point is seen as the M25, providing a link from Heathrow to the M1 and to Gatwick airport.

Moreover, the need to halt the exodus of industry and population from the centre of London is recognised. Transport policies are to be attuned to these problems.

There is some redevelopment of older industrial properties, particularly in the east and south of London. In Greenwich and Woolwich, rents have moved up over the past year from £1.75 to £2 per sq ft. Much of this is for renovated property which is finding takers without much difficulty. The local authority has been active in Greenwich, but mostly in the form of leasing property to industrial users.

Some concern was expressed that yields, now standing around the 6½ per cent mark, are below traditional levels. While both the stock market and the property industry itself continues to take an optimistic view of yields, there is a possibility that property could soon be hard to let on these yields.

It is still the East End where traditional industries—largely those involved in the clothing sector—have managed to defy all predictions and cling on.

These industries are usually formed into small units, depending on small pockets of local labour, and have proved a steady source of demand, often for the older multi-storey factory buildings no longer favoured by heavy industry. But, unfortunately, the demands of this type of industry on the industrial property developer are small.

There seems a better prospect in the industrial belt to the north-west of the city. Rents of £3 a sq ft seem well in prospect and are readily taken up on the best sites. However, this level of rental still leaves yields looking somewhat suspect in the current inflationary situation.

Another slightly older area to be finding supporters just now is the Park Royal estate. Rents here drag behind the best areas elsewhere, but there are a number of new developments in hand. One problem is that the area's infrastructure has not kept pace with the times—the road system, in particular, leaves a good deal to be desired.

In the East End proper—excluding the dockland schemes—the most interesting prospect for the future is the Jubilee Underground rail line, and the plans to build more roads. The Jubilee Line is at the advanced planning stage but has yet to make its impact on the ready property market.

Looking further afield, Sinclair, Goldsmith reports good progress with its developments at Heathrow, Reading and Swanley. It confirms the view that Heathrow is beginning to slip back from its lead by reporting that some units in the area have been let at £2.

Attractive

The entry points for the M1 motorway around the Edgeware region are proving attractive for warehouse property, with industry paying up to £2.75 for the new units.

Several sources commented that the importance of the motorway network to industrial property values had yet to be fully appreciated even within the industry. This trend is likely to strengthen as industry in the south continues to look for storage space rather than factory buildings. But it was widely remarked that London is better placed than some other areas of the country in that transport is often in the hands of the companies owning the warehouses, so that supplies are less vulnerable to strike action.

One interesting subject is the prospects for a Channel Tunnel or Bridge—an evergreen topic of speculation, both in the City and elsewhere. Such a development would greatly emphasise the trends already present in London industrial property.

London, as the warehouse centre not only for its own conurbation but perhaps for a large part of Europe, would indeed be a daunting prospect. Factory building might come to a halt, leaving the south a land of warehouses. It would also, of course, create a situation directly counter to all Government intentions.

Confidence in the London property sector remains high and is likely to continue so. This is, in part, because the sector is not tied so directly to the UK industrial performance, as are some other areas.

London's pre-eminence as a financial and tourist centre now almost guarantees a growing demand for service industries, which are cushioned to a great extent against the buffets of industrial adversity that are so much more quickly felt further north.

The only reason for disquiet at present is that yields are disappointingly low in many spots and the leading institutions no longer find it easy to dispose of their funds. For the country as a whole, this may be good. But it casts a slight cloud over the London market for industrial property.

Terry Byland

London—2

Reversed policy

THE INDUSTRIAL property market in London, as elsewhere in the country, has been healthy over the past year, with encouraging rises in rents and land prices for the best property, and a consequent drop in yields.

However, it would be a mistake to look at the market as one unified sector — in reality it consists of a variety of local markets, and within these a variety of building types whose value changes depending on age, design, and so on. There is probably a greater combination of very old and very modern industrial units than in most other parts of the country, for both historical and planning reasons.

One of the foremost post-war industrial property developers, Ronald Lyon, recently described the factors which hampered modern development in London during the 1950s and 1960s, particularly the planners' attitudes towards old industrial property.

Expanding

It was difficult frequently to obtain an industrial development certificate for a single storey development if it meant knocking down an old multi-storey building, even though an industrial use already existed on the site.

This was all part of the get-the-industry-out-of-towns policy pursued to nobody's advantage, except those companies which were expanding and needed the more open communications links being provided by the new towns.

Certainly for small firms, the policy was one of disaster, and fortunately the trend largely has been reversed, although there is some residual opposition to developments which undoubtedly provide the employment potential badly needed by the capital.

In fact, many London boroughs are now actively encouraging, through their own development or through support of private developers, schemes which provide small units for small businesses and even crafts. Islington Council has been active in this respect, as has Wandsworth—and both expect economic rents from their schemes.

Developers themselves are finding encouragement from organisations such as the Greater London Council's London Industrial Centre, which is taking active steps to promote and develop the Docklands along with boroughs like Newham, which is promoting development at Beckton.

There is still controversy over the massive complex proposed by the American Trammell Crow group for the Surrey Docks: with luck it should be resolved this year.

Whether it is or not, the main problem for Docklands, as with the other parts of east London which certainly need industrial and warehouse development, is poor communications. This situation is unlikely to be resolved for several years unless central government decides to put a massive investment into road and rail links and to speed up the proposed development programmes.

By contrast, areas of heavy activity on the property front are west and north west London. Demand is strong for units up to 20,000 sq ft north of the Thames in the suburban boroughs. To the west, Park Royal is becoming popular, with rents beginning to near the £3 per sq ft mark. New schemes are replacing the pre-war buildings which are obsolescent now, mainly because of eave heights, and the industrial estate type of development is taking over from the buildings which once housed big name manufacturers.

Development, as elsewhere, has moved along communications links, and it is no surprise that Heathrow continues to attract interest, with several schemes started over the last 12 months. Success here is not guaranteed, though as some developers have found to their cost, and an oversupply of larger units has depressed rents on some estates. Depending on size and location, units now fetch up to nearly £3 per square foot.

Rents in other areas are lower, with north west London showing strongly, prime units fetching up to £2.75 per square foot. And high prices are being paid for sites in this area, with prices going up to £200,000 per acre (just outside London they are even higher).

Some agents report increased demand from industrial rather than warehouse users during 1978, which is an encouraging sign. Allsop and Co., for example, notes a brisk market towards the end of last year, and forecasts a continuation of the trend this year. Pockets of over-supply, for example round Heathrow, should be taken up, and Allsop expects rents to move into line with the general levels of those in Cricklewood and Croydon areas.

Potential

Allsop also floats the idea of a distinctly two-tier market emerging, with high rents for new space in prime locations, and disproportionately low rents for older property in secondary locations. But in the long term, there are still many problems which need attention before London can fulfil its potential as a truly modern industrial capital. For one thing, surveys have suggested that occupation of much old industrial property is alarmingly low — perhaps as low as 20 per cent in some areas.

Quite apart from the communication problems of Docklands and the east London boroughs, we still have no road in London equivalent to, say, the Route Peripherique round Paris, unless you imagine the North Circular and South Circulars roads provide any comparison. The outer ring road is slowly making progress, but it will be some years before it is complete.

Given this, there is still some reluctance to finance development in anywhere but the best areas, especially speculative schemes. Hence the importance of the local authority role in bridging the gap.

Paul Finch

North East

Public sector leads

THE PUBLIC sector dominates industrial property development in the North East, leaving private developers to cater for the growing, but still limited, demand for warehousing. According to a leading local agent, less than 10 per cent of the new industrial space available has been built by private developers, the rest being built by public authorities, predominantly the English Industrial Estates Corporation and local authorities. Considering the Development Area incentives given to industry such as rent-free periods and the lower rents charged by the private sector, it is not surprising that private developers find it hard to compete.

However, the situation is very different in the case of warehousing. With most advance units in the public sector being earmarked for manufacturers, companies seeking warehousing turn to private developers. Recent indications suggest an upturn in demand, especially for small units, and it is possible that some shortages will develop; for building by private developers is still at a low level because rents of £1 to £1.50 per sq ft are hardly an incentive to start new schemes. Furthermore, potential demand is far more limited than in the South or the Midlands despite important port activities in Sunderland, Teesside and Newcastle. Most port trade is in heavy goods, raw materials, and oil which require purpose-built quayside facilities rather than standard-unit distribution depots.

Recent road improvements have brought Teesside within day-trip distance of the southern outskirts of Edinburgh and local agents hope this will boost the area's attraction as a distribution centre. The main activity in warehousing occurs close to the A19 and the British Rail *Freightliner* depot and a number of development schemes are under way. But demand is still confined largely to smaller units, for which rents of up to £1.30 per sq ft are achieved and for which local agents Storey Sons and Parker suggest that demand is currently running ahead of supply. But larger units are still hard to let even at rents of £1 per sq ft.

The past few months have seen an upturn in demand for warehousing in Newcastle, especially on the south side of the Tyne. According to Bernard Thorpe and Partners, there is a tendency for companies involved in warehousing and distribution to choose to be south of the river and accessible to the A1(M). As a result, there appears to be strong interest in some estates in the Durham area. At Bowburn, on the A177 by the junction with the A1(M) a new estate completed last autumn is more than three-quarters let and a further 30,000 sq ft is to be built.

The majority of modern warehouse space available is north of the Tyne but even here it is diminishing. A couple of large units of 20,000 to 30,000 square feet plus several smaller ones are all that remain available on the Tyne Tunnel Trading Estate which is situated just half a mile from the Tyne Tunnel entrance. Rents achieved range from just over £1 per square foot for larger units to £1.30 for smaller ones. The market for small units has improved rapidly in the Newcastle area, especially for industrial space and Bernard Thorpe and Partners say they have agreed a rent of £1.50 per square foot for a small site close to the city centre while asking rents of £1.25 per square foot are being quoted in several instances.

Closure

Overall, the amount of warehousing available in the North East shows a continued fall while the amount of new industrial and warehouse building has increased. In its latest survey, King and Co. shows that in December 1978 about 1,227,000 square feet of warehousing was available compared with 1,367,000 square feet in August, while the amount of new building under construction rose from 1,297,000 square feet to 1,508,000 square feet during the same period. But the amount of factory space available rose from 4,812,000 square feet to 4,947,000 square feet.

The reason for this increase is not the slackening of demand for new buildings but the closure of major factory complexes resulting in more second-hand space coming on the market. Much of the new factory building in the North East is undertaken by the Government's English Industrial Estates Corporation and its figures for 1978 show a clear improvement on 1977. The amount of space built by the corporation was about the same as in 1977—about 700,000 square feet. But lettings totalling 990,000 square feet were achieved with 99 new companies taking space, a much higher figure than in 1977. The corporation also approved expansion plans for 25 of its existing tenants, covering 525,000 square feet. With lettings running ahead of new building, the backlog of empty space built up since the 1974 slump is slowly being cleared and a further 88 units totalling 482,000 square feet are under construction by the corporation. Another 128 units totalling 580,000 square feet are planned.

The level of rents paid by the corporation's tenants are based on "market levels" but they are far lower than anything in the private sector and range from 75p to £1.10 per square foot. The availability of such space is clearly a disincentive to the private developer but a few contractors are partnering local authorities to provide small nursery units. One such scheme is at Hawick Crescent, Newcastle, where Indescon has leased a site from the city council and hopes to obtain rents of £1.25 a square foot. In the Middlesbrough area, small units up to 2,500 square feet have fetched £1.40 a square foot.

The new towns of the North East, Aycliffe, Peterlee, Washington and Cramlington, have had varying degrees of success in 1978. A notable coup for Cramlington was the decision by Boots to build on a 90-acre site.

However, the North East still has to push new developments to make up for the loss of traditional industries. The decline of steelmaking in Hartlepool has led the British Steel Corporation to promote its existing sites as new trading estates, with the aid of the English Industrial Estates Corporation. Because vast sites such as these are becoming available, land prices remain low and there is no risk of the supply of sites running out. It is hard to see private developers making much headway in view of the amount of building by public authorities, but there are opportunities in the field of warehousing and the provision of small factory units.

Michael Goodman

North West

Successful hard sell

THERE CAN be few regions where competition among local authorities for the favours of any industrialists seeking new factories and warehouses is fiercer than the North West. But not only are they competing among themselves but also with other regions and towns. These days an industrialist will find that areas such as Merseyside will not only extol the location and communications but also the environmental virtues.

During 1978 the North West saw a remarkable increase in the level of inquiries from existing companies in the area which were at last looking towards expansion, and the long-awaited inquiries from industrialists outside the North West began to come. Probably the most successful district was Warrington New Town where nearly half a million square feet of factory and office floor space was built in the year to March 31, 1978.

Last month Warrington announced that during the financial year starting April 1979, it plans to build more than 1m sq ft of offices, factories and warehouses. The programme should provide more than 1,500 jobs and involves the construction of 184 factories and offices ranging in size from 500 to 110,000 sq ft and using 68 acres of land.

Warrington New Town has developed a total of 2.36m sq ft of factory and office space, attracting nearly 100 companies, 23 of them from Europe and North America.

Merseyside is a Special Development Area and as a result considerable incentives are available to manufacturers and certain service industries which come into the area. This combined with the now effective campaign to attract industry, is breeding more confidence among developers and a number of new estates are in the planning stages or already under way.

Demand is high for the numerous advance factories now being built throughout Merseyside. Rents have increased considerably during the past year and lettings equivalent to £1.25 a sq ft are not uncommon. The bulk of the demand tends to be for factories with floor areas between 5,000 and 10,000 sq ft.

There is also an encouraging demand for existing factories and warehouses which come on to the market, providing they are in good condition and meet industry's present-day requirements. It is still very difficult to find tenants or buyers for older multi-storey properties.

Because of the area's high level of unemployment institutional investment in completed and let property in the past has been minimal; the fear of long-lasting voids in investment portfolios made investment unattractive. But over the past year several of the major funds, including some of the larger pension funds, have made a positive contribution to Merseyside by investing in new projects, and yields on some industrial schemes have been below 7 per cent.

Those responsible for attracting industry and commerce to Merseyside are doing a splendid job in the most difficult conditions. The acute social and economic problems which are part of the Merseyside scene are being gradually overcome, and there has been a need first to dispel some of the myths and misconceptions held by those who do not know the area or its people. How successful Merseyside has been in doing this will become evident only in the next few years.

The improvement of the last 18 months has been particularly marked in the country's largest and longest-established industrial estate, Trafford Park, Manchester. Continuing motorway developments in the North West have helped to re-establish the popularity of the estate, and this has been reflected in a whole series of "estate within the estate" developments to meet demand. Despite the high level of current building and of schemes soon to be started, demand has continued to outstrip supply and there is at present a shortage of modern building available for immediate occupation.

But even with this steady demand, rents—to take an example—for a factory with 68,772 square feet of clear span floor area and 4,000 square feet of integral offices, are still below £1 a square foot. The agents involved with this particular factory, Edward Rushton Son and Kenyon, tell me that the rent also includes 2.5 acres of land for open storage or further building.

It is often said that the level of inquiries for industrial space is a reliable measure of the country's economic wellbeing and some property experts believe that an even better barometer of future demand is how well very small units let. Few developers can be bothered to build factories or workshops with less than 1,000 square feet of floor area: such schemes usually have a greater management problem because of the high turnover of tenants.

Enthusiastic

Nevertheless, there is tremendous demand for small industrial premises and to cater for it in the Manchester area Ward Developments is to carry out a "mini" factory scheme called the Crown Industrial Estate, which will provide an opportunity to lease space of less than 1,000 square feet. The joint letting agents for the project, Elliott Fifield and W. H. Robinson, are enthusiastic about interest in the scheme which is still only at the detailed planning stage.

The estate is to be built on just under an acre at Ancoats. A detailed planning application has been submitted to Manchester's planners asking for permission to build a total of 15,000 square feet in 11 individual factories with floor areas ranging from 950 to 3,000 square feet. Leases will be for 21 years and rents will start at £37 a week. The estate will have the facilities found on most modern estates including space for turning large articulated lorries and parking for more than 40 cars.

Although rentals for industrial property in the North West region are generally below what is regarded as the level to make fresh developments viable, in some areas of high or specialist demand it is again possible to build speculative factories and warehouses, and there are signs that developers are no longer waiting for pre-lettings before embarking on new projects.

For example, Jallamshire Industrial Estates, part of the construction division of the Burnett and Hallamshire group is to develop 250,000 sq ft of factories and warehouses in Bury, to the north of Manchester. The first phase of 75,000 sq ft, in units of 5,000 sq ft upwards is expected to be ready for occupation next summer through the letting agents Richard Ellis.

Rory Ferguson

West Midlands

Confidence increasing

INDUSTRIAL PROPERTY agents and developers in the West Midlands have been sounding increasingly confident since the middle of last year. At the latest round up of opinions, this confidence remained sturdy, and was well supported by rising rental values, a good offtake of properties and sites, and by a steady pace of new developments in hand.

But the region shows no indication yet of escaping its background of heavy involvement with Britain's much-battered motor industry, and the heavy and light engineering sectors so closely linked to the fortunes of BL (formerly British Leyland). The strike of Britain's lorry drivers, with its consequent threat to industrial production, brought an immediate check to confidence in the industrial property sector. Agents were quick to sense that industry would hold back on its development plans until the outlook cleared. Such is the sensitivity of the area's property market.

The relatively calmer atmosphere at BL, which is progressing with its new Rover and Mini production factories, has undoubtedly helped morale in the past year. Throughout the region, agents were reporting a comfortable offtake of the traditional warehousing/industrial mixed development at rents of £1.20 to £2 a square foot.

The latest survey of the industrial property sector is due within a few days from King and Co, which expects its latest statistics to confirm the improved trend.

As in other parts of the country, it is new property which is commanding the higher prices and finding takers. The higher prices are easily explained: most of the new property is replacing older buildings and must be built on land which has increased in value. And, of course, interest rates have been pushing prices higher since early December.

The West Midlands, perhaps more than the South of England, able to find takers for factory space, as distinct from warehousing. This reflects the influence of BL, whose steadier fortunes are an inspiration to many feeder companies engaged in manufacturing components.

But warehousing space is also significant. The best sites for it tend to be close to the motorways, where there is ready access by road to most parts of the country. Prime sites, such as the best spots at Spaghetti Junction, the Birmingham motorway interchange, are now fetching £1.75 to £1.85 per square foot quite readily, with £2 a square foot paid for the newest sites.

A combination of this demand for industrial and warehousing buildings has worked wonders for the area, which suffered so badly in the post-1973 collapse. Developments of the past three years have fared particularly well and only a few of the smaller developments from the worst days are still left untouched.

Particularly encouraging is the view expressed by King and Co that there is 12 months' supply of new development now in the pipeline. This would normally be a comfortable backlog for a thriving industrial area. But such is the nervousness still abroad in the Midlands that the lorry drivers' strike, which hit industry harder than the City and the South West, brought hints that the list of new developments might pose a threat to confidence rather than boost it.

The transport strike also pinpointed another significant factor on the industrial property market. Industrial development in the Midlands has become increasingly centred around the new or planned motorways. As already noted the best sites are close to the motorways.

In fact there seems a strong possibility that some relatively depressed property areas, such as Bromsgrove, could be in for an injection of industrial vitality when the latest motorway plans are completed.

Active

In addition to its heavy industry complexes, the region has always been dominated by its major cities, which by and large have incorporated all the problems of inner decay and industrial blight common to the rest of the country. But the picture here seems to be satisfactory. In Coventry, agents say they are "very active," mostly with new development. Two new industrial estates, close to motorway junctions, are believed to be fully pre-let. The Binley Industrial Estate is a good feature and a major site owned previously by the Ministry of Defence appears to be finding takers without too much trouble.

In Birmingham, the city centre — at one time, one of the blacker spots — is now considerably brighter. The city council has taken to heart the threat to the old industrial inner city and, with the support of Government policies on urban revitalisation, hopes to maintain the expansion trend and attract new employers.

Developers are showing considerable confidence in prospects for Birmingham's inner city; it has been noted that many small businessmen are now finding that small, concentrated groups of workers are not usually willing to move out of the home area, not even when a works bus is laid on. It is these small businesses which are now fighting hard to take up premises in the inner city found so undesirable in the 1960s.

An interesting feature has been the return by small business to the multi-storey buildings erected ten or 15 years ago but now rejected by heavy industry because of the problems and expense of moving production between floors. Light industry, such as the manufacture of seat covers for BL cars, has found such building not only highly suitable for the work but also readily available for occupation.

Agents say that demand for this kind of smaller inner city property is steadying down rather than sowing further expansion, but they see rents still rising as supply also thins out. The general revival in industrial fortune has not been missed by the major institutional investors, who have long been looking at their cash balances with dismay.

With the stock market a less exciting place, both for government bonds and equity stocks, the arguments for returning to good-class property investment have strengthened, and the attractions of the West Midlands have been noticed. Yields are now proving sufficiently rewarding to tempt these big investors. Always notable among them has been the Scottish Equitable Life Assurance group, which has joined with local authorities in the area to provide finance for developments offering industrial sites to local industry.

Institutional investors have provided much of the underpinning for the new development now in hand. Until relatively recently, the institutions were more willing to take on industrial developments in an area clearly on the recovery road than to involve themselves in office buildings, which had proved such a snare in the past. They judged, probably correctly, that it would take longer to find takers for them since business usually needs factory space before it needs office space.

This has proved a successful investment policy so far. Office blocks have remained etched in the mind of industry as the disaster area of the early 1970s, to be left alone until industrial production has established its recovery.

Most sources in the area agree that there is a danger of over-confidence. The general uncertainties about the national economy over the coming year should be enough to damp down any speculative enthusiasm. The West Midlands has shown before that its high level of dependence on the motor industry makes it very difficult for the region to avoid being the first to reflect any sign of flagging in the national spirit.

Some agents suggest that it is warehouse construction which now leads the field in the West Midlands, and that new construction of factory buildings has been levelling off as needs are met. If this proves so, and there are no very recent figures to support the view, then any check in industrial expansion could push the industrial property market back into gloom again.

The response in the property market and in industry generally to the transport strike indicates that confidence in the West Midlands is still fragile and that new construction could be blocked quickly if the outlook suddenly appears less certain.

Terry Byland

East Midlands

More factories

THE EAST MIDLANDS has shared in the general improvement seen in the Midlands, although indications are that its recovery has lagged behind the Birmingham and Coventry areas which have been helped by the upturn in the motor industry.

Over the past six months, the region has recorded the same trends seen elsewhere: an increase in buildings under construction and a decrease in some types of industrial property available for letting. But the changes in the various totals have been more marginal. Six months ago, the region still had a substantial number of factories vacant and the upturn in new building was very small. The latest statistics are still being prepared but they appear to suggest that more factories are now being built, but fewer warehouses.

This could be a favourable factor, for the East Midlands generally has found it harder to attract the solid factory development which is the bedrock of any industrial area.

Nottingham would have a good case for considering itself the commercial strongpoint of the East Midlands, and it is not surprising that the city council has put itself in the forefront of industrial property development.

The city is fortunate in having a strong and widely-diversified industrial base, with Boots and John Player among the household names. The council has set up, through its Industrial and Commercial Development Unit, a property register which provides comprehensive information on all commercial property available in the city. Additionally, the council actively promotes properties and tries in many ways to attract industry to the city.

This kind of high-powered local authority backing for industrial property business—or indeed for any other kind of property business—is not as common as it might be, and it has played its part in keeping Nottingham in the vanguard of the East Midlands property scene.

Leicester also has established itself as one of the more active and attractive centres for the industrial property developer. Rents are appreciably below the levels charged elsewhere, which is only to be expected in a town whose cost of living is among the lowest in the country.

The city has the advantage of a local tradition of small businesses which has kept inner city properties on the move. And like so many other cities it has turned its back for the time being on its empty office blocks—which are by no means as numerous as once they were.

With its excellent communications, Leicester has proved a big attraction for industrialists seeking warehousing space. It claims to be as near to the centre of England as makes no difference, is at the centre of the motorway network, and has excellent airport links with Europe. These factors provide a powerful attraction for industrialists and have buttressed demand for modern warehouse space.

Stimulate

However, the city council has responded to the view that warehouse operations alone are a poor recipe for full employment and acted to stimulate factory production.

On the north side of the city, the council has opened development of both the Beaumont Leys site and the Gorse Hill Industrial Park. These will provide sites for light industry, with the first becoming available in the middle of this year and the rest in 1980.

Private developers are at work on a 100-acre site in the centre of the town. It is generally acknowledged, however, that Leicester could benefit from more land for factory development—a claim that cannot be made by many towns in the East Midlands.

Derby faces special problems. After a rich and proud history as a heavy industry city, Derby is now seeking to diversify into a more general business centre.

This has left the industrial property developer with a difficult problem. Most of the property is old and was built for industrial purposes now unlikely to reappear. Office accommodation has thrived but it has proved too early so far for the city to create a new industrial heritage to replace the old.

Outside these important towns and cities recovery is patchy, with motorway access often providing the main stimulus. One agent went so far as to say that access and availability were more important than price when it came to finding customers. Properties in the less accessible [illegible] East Midlands [illegible] of refurbishment of older properties, but here again this has been confined mostly to the towns. Coventry, for example, has seen much refurbishment.

The region suffers from the general lack of demand for the servicing industries now so significant in other industrial areas. These ancillary industries have often provided the cushion which maintains business activity even when heavy industry meets a slack period.

The constant need to store foodstuffs, household goods and leisure aids for the factory workers has kept a host of warehousing activities in motion in the West Midlands. But the east of the region, with industry generally smaller and restricted to fewer towns, lacks the population concentration to maintain strong service depots.

The motorway network, in many ways so valuable to the East Midlands as a source of trade, tends to act against its best interests in this respect. Warehousing space is readily available closer to the Birmingham/Wolverhampton area, and it is easier to service the East Midlands by road from there.

This, of course, reduces demand for warehouse space in the East Midlands and so the wheel continues to turn. The disadvantages of such a situation were brought home drastically with the lorry drivers' national strike. This hit particularly hard in the East Midlands, which depends heavily on road transport to bring in the stocks which small businesses tend not to want to hold in their own factories.

Many industrialists and property agents express the dilemma faced by the region. It has an excellent infrastructure of small to medium-sized industry—shoes, drugs and so on. All these would support a much larger industrial property complex than they do at present—if only they could all expand just a little. As it is, the region tends to be overshadowed by the heavy motor and engineering factories on the other side of the region.

This tendency is resisted valiantly by both industry and local government in the East Midlands. Indeed, the determination of the city councils outstrips that of others in more favoured parts of the country. Local authorities in Leicester and Nottingham are typical of the region in their efforts to promote industrial use of property sites, as well as rejuvenation of the housing base.

Recovery in the East Midlands seems sound and well-based. But, as with so much of the industrial centre of England, all depends on a continuation of the general recovery in industry. By later in the year, it should be possible to establish the depth of recovery in industrial property.

Terry Byland

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South West

Conflict with the planners

THE SOUTH WEST has attracted its fair share of office development over the years but on the industrial side it has traditionally been a poor relation—though there are some indications now that the imbalance is beginning to be redressed.

Because of the residential nature of the area it has attracted employers of office staff because labour can be attracted at lower rates than in the capital and there is more chance, so the argument runs, of retaining key personnel if decentralisation is aimed southwards rather than northwards.

The industrialist, on the other hand, has had little incentive to head to the South West. There are few areas of the region that can boast sufficient numbers of skilled industrial workers available for employment and the communications network is still desperately thin in some parts. The increasing opportunities supplied by the gradual improvement in the motorway system has helped speed up industrial development in some areas, however.

One of the problems of the South West is the conflict of ideals of the various parties involved in new development. The desire of the local planners is to attract industry to help reduce the region's high unemployment levels. They need to draw in small businesses, but private developers — who are keen to build sites which will attract institutional finance — are often reluctant to get involved in very small units.

Besides that, much of the demand for property is for warehousing rather than manufacturing. Developers are therefore pushing to build warehousing along the motorway links rather than the manufacturing units which would ease the local unemployment problem. Again there is a conflict between planners and developers.

Finally, there are the conservationists and those whose interests are geared towards the tourist industry. There can be a strong lobby on local councils against industrial development.

Yet despite all these obstacles the industrial property market in the South West has picked up. The latest King and Company survey shows that demand has increased sufficiently to drop the amount of vacant warehouse space by 16 per cent to 1,338,000 sq ft, while factory space has fallen by a similar amount to 1,256,000 sq ft. Building under construction, on the other hand, has gone up from 258,000 sq ft to 392,000 sq ft.

Bristol, which is the most important feature of the South West from an industrial angle, has seen an impressive rise in rents over the past year, according to a recent article in the Estate Times by a member of Hartnell Taylor Cook. Rents which were pitched around £1.30 per square foot at the beginning of 1978 have climbed to around £1.75 and with a shortage of development land available market men are talking of £2 per square foot before not too long.

Avonmouth, meantime, has also seen an impressive increase in rental levels. New buildings could be found for £1 per square foot 12 months back, but now rents are up to £1.50 for smaller units.

Exeter, with its motorway links, is also popular. There are two large estates which have proved fashionable — Sowton and Marsh Barton. Lalonde Brothers Parham in Exeter say that they have let 38,000 sq ft in Sowton in the past six months with the smaller 3,000 to 4,000 sq ft units attracting strong demand. According to the local agent, rents for small units are around the £1.75 per square foot mark against £1.50 a year ago while larger sites — 20,000 sq ft — will be let at £1.50 against £1.10 at the beginning of 1978.

Lalonde Brothers also recognise the local conflict of warehousing versus manufacturing capacity but claim that they are gradually winning planners over to the fact that a distribution centre can sometimes provide more employment than a small highly automated factory. So mixed development is now proving less of a problem.

Gloucester has a reasonable supply of land, and industrial property there commands rents of around £1.35 per sq ft. Asbville Properties of Wimbledon, which is developing a £2.5m site close to the M5, has already built and let 150,000 sq ft of warehousing and industrial space and is now entering the third and final phase—already 90 per cent pre-let.

The site has created 350 jobs so far through incoming employers such as Allied Breweries, United Biscuits, RTZ, Serck, the DoE and Macarthys Pharmaceuticals.

Lobby

Cheltenham, although close to Gloucester, displays a different picture. There is little space available at present and rents have crept up to over £1.40 per sq ft, perhaps nearer £1.50. Further development is expected and the demand is likely to be considerable so rents may push ahead even more.

One area that has its problems is North Devon. Communications are still thin and land for development is not easy to come by. Here the conservationist lobby is strong, and the county council controls much of the land that might be used for development. Local agents John C. Webber say that they get a considerable number of enquiries for small units because of the development grants that are available, but rent levels still reflect the lack of significant interest by industrialists.

Despite the Duchy's bias towards the tourist trade Cornwall's planners are keen to attract new employers and encourage existing businesses to expand. Unemployment is running far above the national average and in some places such as St. Ives it is frighteningly high. All the county is an assisted area but despite this the region really is too far down the road to attract industrialists to any great extent.

The Plymouth region in contrast is popular with industrialists. Grants are available and rents for new buildings are in the region of £1.35 to £1.40 per sq ft.

Overall the confidence felt at the beginning of 1978 has proved well-founded in the South West and with the continued development of road networks a steady improvement in demand for industrial and warehousing space looks likely to continue.

Terry Garrett

New Towns

Unrivalled expertise

THE NEW TOWNS concept is now politically dead. Over two years ago the government first intimated that it was turning its face against further expansion of new towns; now it is clear that the government's attitude is permanent.

Only recently the related concept of expanded towns was formally abandoned by Mr. Peter Shore, Secretary of State for the Environment. The government's argument is that over the decades the new and expanding towns have not played a significant role in the emigration of people from the old cities.

The facts show, according to studies, that although jobs and people did leave London and the other cities, most did not go direct to the new towns or the expanded towns. Many people, it seems, went to areas where there was no planned dispersal programme and the jobs were simply lost.

This evidence made the local authorities in the old cities reluctant to provide the money for housing in the designated expanding towns, at a time when central government, in any case, was switching its attack from dispersal to regeneration of the inner cities.

In combination these factors have been sufficient to bury the whole concept of planned development in designated decentralised areas.

Most of the new towns have had their population targets reduced (though to be fair this has been in part because of reduced forecasts of population growth. The South-East's population, for instance, is expected to remain static at about 17m for the next two decades).

One—Stonehouse, planned as the fifth Scottish new town—has been scrapped altogether. A second—Central Lancashire New Town—has a doubtful future.

The two cases reveal some of the central paradoxes involved in the new town concept. Stonehouse, on paper, looked most likely to succeed. It was to have been administered by one of the most successful development teams in the country which had already masterminded the remarkable success of East Kilbride.

The key factor in Stonehouse's demise was the growing feeling that funds should flow directly into Glasgow itself where even the success of East Kilbride had not eased the problems of the decaying east end.

Central Lancashire New Town faces almost the opposite problem. The setbacks and difficulties encountered by the existing new towns which encircle Liverpool have created a considerable degree of disillusionment in the North West over new towns. And in addition, of course, the idea has taken root that money should be spent within Liverpool and Manchester and not outside the cities.

Vacuum

The effect of all these changes has been to create a sort of vacuum in which no further new towns can be established and in which the existing ones continue to follow slightly curtailed development programmes without much encouragement from central Government and with growing discouragement from the local authorities they originally existed to help.

On the other hand no major alternative regional policy has been introduced in place of the new towns concept. The notion of inner city rejuvenation is widely supported but the machinery to carry it out has not been forged and the funds allocated to it so far are risible.

Ironically, the only beneficiaries of this planning volte face may not be cities at all. The Department of the Environment is at present considering setting up a special rural development partnership scheme similar to the inner city partnerships.

These apparently would offer special incentives to small industries wishing to set up in rural areas where they are regarded as fitting in with the scale of the area. Because the overall programme would have to be small in scale it has a fair chance of success, where the partnership schemes in the inner cities can only be a drop in the bucket.

Meanwhile, how is all this affecting the day-to-day workings of the existing new towns? For the past two years attention has been focused almost exclusively on the political about-turn which has left the new towns out of the mainstream of Government development policies. This has tended to leave people with the feeling that the new town movement has ground to a halt.

In fact nothing could be further from the truth. During the past year, all but a handful of the new towns—those with extra-ordinary problems of location or population—have made major strides in attracting new industry.

Company directors plan their expansion and relocation programmes with both eyes firmly on profit. And that depends on the availability of staff, accessibility to markets and supplies, clean lines of communication and supporting facilities.

By now many of the New Towns have grown up to the point where they can offer most of these services to a reasonable degree. At that point the two special advantages of the new towns do begin to weigh with industrialists on the move. The special powers of the new towns in terms of incentives for industrialists match those of the special development areas. They include rent-free periods, direct grants for buildings and plant help with redundancy payments and staff relocation costs, and cheap or interest-free loans.

The new town development corporations have acquired a level of expertise in relocation and industrial building unmatched by any other group. Industrialists find this a big attraction so long as their basic needs of convenient location and communication links also exist. As a result the new towns have been attracting industry at a rate matched only by the private sector which chooses its development sites and times its building programmes solely on the grounds of foreseeable demand.

Christine Moir

Wales

Ford factory a big coup

WALES may lack the financial incentives of a region like Northern Ireland and clearly cannot coinpete with the geographical appeal of an area like the South-East. But during a year when industrial investment showed some signs of picking up, the Principality did not miss out on opportunities to attract the expansion-minded manufacturer.

The big coup of 1978 was of course the decision hy Ford to build a £180m car engine manufacturing plant near Bridgend. The new premises will occupy a 175-acre site and are expected to provide ahout 2,500 new jobs when they open in 1980. At the same time there is bound to be further local spin-off in terms of supply and service industries.

The Ford scheme is significant not only because of its size but hecause of its location. The new plant will be sited in the heartland of South Wales, which is currently suffering from a severe structural crisis. Traditional industries like coal and steel are breaking up, leaving an abundance of surplus labour which is not easily absorbed by the smaller more capital-intensive businesses which often replace the older.

Within the past year or so British Steel has announced the closure of plants at East Moors, Cardiff and Blaenau, Gwent, while 2,000 steelworkers were made redundant at Ebbw Vale. It is this surplus labour which the Welsh Development Agency (WDA), hy far the most important developer and the biggest industrial landlord in Wales, is currently attempting to exploit. It was the WDA, which from its own resources and by buying from private owners provided the land for the Furd venture.

At the same time, in direct response to the social implications of massive redundancies, the WDA has also emharked on a special crash programme of factory building in Cardiff and Ebbw Vale. In Ebbw Vale the Agency is building 48 advance factories and developing a major industrial estate at Rassau. The first factories should be completed in April or May and although there have not yet been any firm allocatinns there are apparently nne or two "very interested" enquirers.

Progress in Cardiff has been slower, mainly because the WDA first had to find the land. Work on 19 of the 20 additional advanced factories is now under-way while a start on the twentieth will be made soon.

The above programmes are part of an emergency package designed to meet the threat of closures in traditional Welsh industries. In addition, as part of the WDA's general factory building programme, 17 factories are being conatructed on a major new estate near the Shotton steelworks on Deeside in North Wales. This is also an area which has experienced serious job losses in the steel and textile industries.

The WDA is one of several agencies attempting to promote industrial investment in Wales. It is, however, easily the most important, encompassing both the roles played in England by the National Enterprise Board (providing equity capital and loans) and the English Industrial Estates Corporation.

Function

The Development Board for Rural Wales is a sister organisation which operates on a much smaller scale in the depopulated heartland of the country; the Development Corporation for Wales is primarily a marketing organisation; the Welsh Office hands out grants and other incentives (most of Wales has development area status); and the Land Authority for Wales also has land available for development, essentially carrying out the function of implementing the Community Land Act performed in England by local authorities.

This proliferation of agencies has attracted Parliamentary criticism but MPs' claims that the businessman is confused as a result are strongly refuted in Wales itself.

Last year the WDA, which was founded in 1976, certainly improved on its track record for 1977. Its factories cater for units of 1,500 sq ft up to premises of 50,000 sq ft. In 1978 the Agency let more than three times as much space (over 1m sq ft) as it did the previous year (360,000 sq ft). These figures exclude non-speculative developments, i.e., those built to a particular specification.

The WDA also reports a big increase in enquiries for 1978 which has led to the allocation during the year of some 70 units, against 30 in 1977. New tenants include E. Gomme, part of the High Wycombe G-Plan furniture maker, and JCB Transmissions, which have both moved to Wrexham. A Swedish wire basket manufacturer and Girling Midland Ross, part of Lucas, have taken sites at Tafarnaubach, while National Panasonic, which already has a factory at Cardiff, has taken over an adjoining 50,000 sq ft for hi-fi equipment and music centres.

Apart from the hopeful if flickering signs of revival in the manufacturing sector, the WDA believes its vigorous promotion policy has contributed to the increased interest. In November, for example, it ran its first TV advertising campaign on HTV; this resulted in a substantial flood of enquiries. Major developments like those just mentioned and particularly the Ford success has probably focused more attention on the region.

Communication links are always an important factor which any industrialist has to take into account. It is no coincidence that the better developed areas of south east Wales are most easily accessible by road and rail from London. In south Wales the emphasis has been on the siting of new projects on the northern strip of the coastal plain following the line of the M4. The opening of this motorway westwards from Cardiff and the prospect of further extensions in future and the supply of missing links is also significant. North Wales, meanwhile will benefit from the dual carriageways which are to be built to connect Chester with Bangor and Chirk.

On the developments of the past year or so Mr. Colin Ryland, of chartered surveyors Cooke and Arkwright, has these observations: "It is now beginning to be understood on the other side of Offa's Dyke that the natives are friendly, that the Home Counties are only two hours away by motorway or high speed train and that the popular image of south Wales as a land of coaltips and pitwheels could not be further from the truth."

Mr. Ryland also maintains that the attractions of the area are reflected in high house prices—higher, in fact, than anywhere else in Britain except certain parts of London.

While the Welsh Development Agency dominates new factory development in Wales—its chief criterion is social, namely employment, and therefore it does not need to operate on strict commercial lines—the private sector largely is left to exploit the warehousing market.

Private factory development, on the other hand, is largely snuffed out by the high level of WDA activity. There are still a few companies eager to buy their own premises outright but virtually all privately rented factories were built well before the WDA was thought of. In some cases rents can be very low. Warehousing provides the main opportunities for the private end of the market and throughout the past 12 months rent levels have generally moved steadily ahead. Cardiff is still the prime area, but thanks in part to the Ford catalyst Bridgend has experienced a big revival. Over the year warehouse rents, according to one agent, have risen about 50 per cent and the best modern units up to 10,000 square feet are making £1.30p to £1.35p a sq ft, with demand at the moment outstripping supply.

Rents in Cardiff are nearer the £1.40p mark and with the legacy of a tight local government boundary prior to reorganisation there is precious little slack in the market.

Cooke and Arkwright cites the example of Pyle, a small South Wales village sited round a crossroads which just happens to be near the M4. Rents on the Village Farm Estate, dismissed in previous years as a hopeless development, have risen dramatically during 1978. One 20,000 sq ft unit let earlier this year commanded £1.15p sq ft and even this is now thought to be an under-valuation.

Newport, meanwhile, is comparatively short of good warehousing accommodation, though supply seems adequate to cope with demand. Although only 10 minutes by road from Cardiff and physically nearer to the centres of economic activity in England, rents in Newport are reported to be considerably lower than in the capital.

Swansea provides another contrast, with the WDA active in the warehousing market. Observers comment that the town's political history has also discouraged private speculative development.

What of the future? While present activity is admittedly unexciting, rental levels show no sign of tailing off and once the winter cobweba have been brushed away renewed demand is expected.

So far as the WDA is concerned, the projections for 1979 reveal a significant trend. Of the 239 advance factories (1½m sq ft) which the Agency hopes to complete, all but 49 will be units of 5,000 sq ft, 3,000 sq ft or 1,500 sq ft. This is in direct response to an identifiable demand from up-and-coming small businesses which need room to expand. Whereas the big names will always attract publicity, it should not be forgotten that industrial development depends just as much on those whose size and origins are as yet still humble.

Tim Dickson

Scotland

Lending rate increase bites

DEMAND FOR warehouse and industrial property in Scotland has been reasonably good in the six months to December 31 last, according to an industrial property review commissioned by Kenneth Ryden and Partners, chartered surveyors based in Scotland.

"However, we have experienced a marked cutback in enquiries subsequent to the recent harsh increase in Bank lending rate, exactly the sort of effect it was intended to have," the report says. "We hope this is a temporary situation and the economic forecast for the next six months would appear to indicate that we might anticipate a healthy rate of take-up."

The optimistic economic forecast is based on the expectation that investment expenditure will continue to rise through the early part of 1979.

This appears at first to fly in the face of the underlying pessimism in the forecast, which suggests a slowdown in the rate of growth of consumption expenditure plus a squeeze on corporate profitability as a result of higher interest rates.

But, argues the report, it takes time to make and then implement investment decisions. As a result, there is a backlog of plans awaiting implementation.

The report said the reason for the demand for warehouse and industrial property in Scotland was the result of interest shown by national companies in warehouse and distribution depots. There has been comparatively little demand for new manufacturing space.

The supply of stock from private developers has fallen over the period but the total overall stock position has not been greatly affected because of increased activity by the Scottish Development Agency.

Rentals have not changed dramatically in the past six months but there has been growth in some areas. The report says that in Glasgow in mid-1978 average rents for modern warehouses were at £1.35 per square feet, and would have risen to around £1.45 per square foot by the end of December.

Industrial investment yields have been relatively stable and good let industrial/warehouse investments in the central area have steadied at around 7½ per cent to 8 per cent.

The market for second-hand industrial property, which has traditionally always reflected good value provided the purchaser could utilise the accommodation with the minimum of adaptation, has been hit by the rating revaluation. "Some of the most glaring incongruities of current revaluation procedures exist in the assessment of older multi-storey property where, in many cases, the gross annual value represents over 50 per cent of market value," the report says.

Any discussions of industrial property markets in the UK must inevitably look at the considerable impact being made by Government agencies as suppliers of sites and premises. The English Industrial Estates Corporation is by far the nation's largest industrial developer. In Scotland the Scottish Development Agency (SDA) has a budget of massive proportions.

Warning

At the beginning of September, Sir William Gray, the SDA's chairman, warned that before its first five-year period of operations ended it would have to scale down its activities unless further funds were made available. In the first 15 months of its life SDA spent around £25m. In the next 12 months this jumped to £51m and the estimate for the whole of 1978 was around £90m. This figure is expected to increase further to £100m in 1979.

Part of the SDA's function is to invest directly in Scottish companies—a role which has led to considerable controversy. But the bulk of its investment goes into advance factory building. It now owns around 601 factories in over 175 locations.

With its massive budget SDA is seen by most independent observers to have a potentially large impact on the Scottish industrial property scene. Not so, says the Kenneth Ryden report. "The scope of the financial powers of the agency indicates that its role must be a modest one.

"In terms of industrial investment the contribution of the agency may be significant, but must fall a long way short of transforming the volume of investment." The report's conclusion is hased on the premise that, over a five-year period the Agency's expenditure on industrial function might amount to £120m, or roughly £24m a year.

Although the report does not mention it, the SDA does play an important part in complementing the activities of private developers in the sense that it usually chooses sites which the private developer would not regard as prime. After the property market collapse private developers tended to concentrate on the main industrial areas of Glasgow, Edinburgh, Stirling and Aberdeen.

During a mini-boom of building around 18 months ago, it looked for a time like the recession of 1974-76 might repeat itself as over-capacity pushed rents and values down. But the excess supply seems to have been absorbed and a degree of equilibrium has been restored to the market.

The new towns, backed as they are by State funds and armed with grants, loan packages and the ability to offer rent-free periods, provide stiff competition to the existing industrial centres. Livingston New Town was late last year granted an additional 176 acres within its designated area to provide for further industrial expansion.

Irvine has also been attracting industry and has a bevy of multinational covenants including such names as Beechams, Volvo, ICI, Monsanto, Rockware Glass and Hyster, the U.S. fork-lift manufacturer, on sites in or around the town.

But the outlook for Scotland in the longer term does depend to a very large extent on the general health of the UK economy. The Kenneth Ryden report suggests that a worsening in the nation's current account position, made inevitable by the Government's current economic policies, is being masked by North Sea Oil revenue.

Terry Ogg

EEC MEMBERSHIP BY ROBERT GRAHAM IN MADRID

Spain comes in from the rain

YESTERDAY'S ceremony in Brussels marking the opening of negotiations between the European Community and Spain on the latter's application for entry was little more than a formality. The real negotiating will not begin for a while yet. Nevertheless the Spanish Government regards the event as of great symbolic significance: it is the first concrete step towards closer integration with Europe after the isolation of the Franco era, and as such represents the reassertion of what Spaniards see as their natural European identity.

"With Brussels we have been rather like a man standing impatiently in the rain on a doorstep. Now the door has been opened, we have been admitted to the waiting-room and we can be more patient," says Sr. Leopoldo Calvo-Sotelo, Spain's Minister for European Affairs, who a year ago was given the task of setting up this Ministry and initiating negotiations. He admits that he has been in a hurry to reach the formal negotiating stage. He pressed for early completion of the Commission's opinion on the application, and the Commission was quicker than expected in delivering the opinion last November: he then pressed for an early start to negotiations, which again he seems to have obtained.

Mainstream

Such haste stems from the political nature of Spain's application for membership. The application, in July 1977, came barely six weeks after the first democratic elections in Spain for over 40 years. It was designed to ensure that Spain attached itself firmly to the mainstream of European democratic political life. Since then the Government has attached psychological importance to Spaniards being given formal evidence of such a link as quickly as possible. One suspects there has also been an element of making up for lost time, and catching up with the earlier applications by Greece and Portugal.

The European card has been played by the Government to help its political respectability as well. Monday's ceremony in Brussels preceded by two days the opening of the campaign for the March 1 general elections. Sr. Calvo-Sotelo says this was "coincidence," but it was certainly a happy one. The Socialists claim that the Government pressed for an early formal opening of negotiations solely for political motives, since serious discussions will not start until October. Although attacking the Government for political opportunism, it is significant that neither the Socialists nor the two other major opposition parties, the Communists and the Right-wing Alianza Popular, have opposed the idea of Spain joining the Common Market. As the consequences of membership have become better understood, their reactions have acquired more nuances. But nothing has changed their basic acceptance of the need for membership.

Although Spain's population is 36m and the country is ranked 10th in the league of industrial nations, the Spanish negotiators admit that they are coming to the table in a position of weakness. Spain's economy has been heavily protected and is unused to the kind of free-trading conditions to which EEC countries have become accustomed. They are nevertheless proceeding on the assumption that it is in the interests of the Community to absorb a Spain that is not seriously weakened by the consequences of its entry. The main imponderable from the Spanish angle is the extent to which public opinion can — and will — become mobilised on particular issues. At present public opinion is remarkable for its indifference: membership of the Community is regarded as a "good thing," yet without real reason, and the vast majority regard membership as having been decided in advance for them by the Government.

A survey compiled by the Ministry for European Affairs, based on a country-wide series of meetings held from October through to December with all major economic and political groupings, provides an insight into the opinions of those most directly concerned. Chambers of commerce, agriculturalists, industrialists and trades unions showed themselves more preoccupied with the effects of the recession in Spain than the consequences of joining the EEC. (In this respect several have pointed out the added weakness in Spain's negotiating position when its economy is in such problematic shape.) A good deal of cynicism was encountered, with people believing that the Government would trade the political gain of membership against concessions in the economic sphere. There was also scepticism over the Government's own view of the negotiating timetable—conclusion of the negotiations by 1980 and the ratification of an agreement by 1982-83.

The Ministry's report leaves the impression that serious reservations exist in the minds of many, in no matter what sector. These reservations are fuelled, moreover, by the slow preparation of detailed sectoral studies on the effects of entry. The absence of any public debate or organised bodies of opinion on specific topics is probably misleading. The one instance of strong pressure seen so far has been the fishing lobby, which has protested strongly to the Government over restrictions of Community fishing licences.

Agriculture poses the greatest problem in the negotiating process. Spain's foodstuff exports to the Community have declined slightly in volume terms since the beginning of the '70s, while industrial and consumer goods exports have continued to grow.

Agricultural exports account for just over 25 per cent of total sales to the Community, compared with 45 per cent in 1971. But on enlargement, Spain's huge and dynamic citrus production, its sizeable olive oil and wine surplus capacity, and its modern tomato and tomato paste industry will come full square against the vested interests and complexities of the Common Agricultural Policy. Forced to operate against fierce competition from non-Community Mediterranean producers like Israel and the Magreb countries, Spanish farmers would like to see the Community as a privileged domestic market which could absorb substantially more than the current 65 per cent of Spanish agricultural exports.

French farmers

But the farmers know they do not have a powerful lobby like their compatriots in France. They sense that Spain's industrial interests will prevail over agricultural at the negotiating table. Beyond this, they feel that the Government cannot effectively fight the sustained opposition of the southern French wine producers or win satisfactory concessions on citrus exports against the opposition of southern Italian farmers. Meanwhile, the structurally weak milk and beef producers in Galicia fear that they will suffer badly from existing Community price policies.

The Government has neither offered nor been asked for an opinion on the CAP. However, officials make no secret of their desire to see Community agricultural policy reflect more favourably the interests of the Community Mediterranean producers. The sensitivity of this issue means that it is unlikely to be raised in negotiations before accession (at least by the Spaniards). On the other hand, because Spanish industry now faces major structural problems—especially in the steel, shipbuilding and textile sectors—better co-ordination of Community industrial policy is likely to be an early theme. Those in the steel and shipbuilding sectors believe that Spain, as a candidate country, will now be treated more favourably. Sr. Calvo-Sotelo says he would like to see Brussels accept the principle that the restructuring of Spanish shipbuilding and steel be treated as part of an overall Community plan.

But the two sides, it would seem, have a long way to go before reaching understanding. The Community appears to view Spanish industry as aggressive, heavily Government-supported, still relatively low-cost, and capable of ruthless dumping practices. Not all of this is wholly fair. For instance, the Community recently complained about the 1938 "buy Spanish Act" which can oblige public concerns and private companies to buy Spanish goods. Spanish sources say this Act was last used in 1975 and can apply only to those industries operating in 1939 (which was not that many).

However, the Government does offer tax rebates to exporters of up to 25 per cent and more. This is now the single most thorny issue with the Community, according to Spanish officials.

It is debatable how much support the Government can remove without prejudice to industry. Spanish industrial overheads in the past three years have risen at three times the rate of Spain's European competitors. The financial structure of the majority of Spanish companies is weak, and has been further sapped by the effects of poor planning that failed to take account of the economic slow-down. The financial system itself is weak and there is no easy access to medium- and long-term finance. Meanwhile, productivity has declined sharply and will do so further as a result of inflexible labour laws, the infant state of relations between trades unions and management, and the generally poor quality of management. In other words Spanish industry—at least that part in Spanish hands — is likely to become weaker and less competitive in the short term.

Much interest focuses on regional policy and how this will affect both existing plans for autonomy and the present concentration of economic activity. Substantial Community aid to poor regions could be one of the sweeteners offered by the Community in negotiations. But economists argue that the logic of EEC membership will be to increase the industrialisation of those areas already most developed and which are closest to Northern Europe—the Basque country and Catalonia. In this respect the regions of Andalucia, Extremadura, Galicia and the Canary Islands are extremely concerned because of the potential wider income gap between themselves and the rest of Spain. The Canaries present a problem of their own. Since they are a Customs-free zone, they will have to opt whether to retain this status or come within a Community regime. Canaries industrialists dislike the dismantling of tariff barriers as they say this would prevent moves to industrialise the islands. The merchants fear Community taxes on goods imported from the U.S. and Japan; on the other hand farmers selling tomatoes and foodstuffs definitely want to be inside the Community.

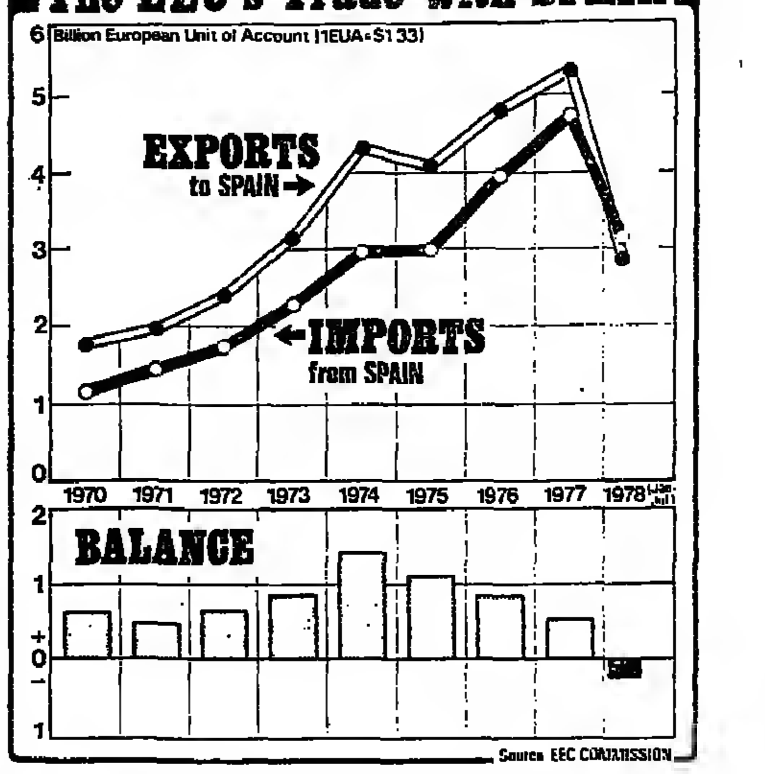
The complexity of these various issues means that Spain must now take the negotiating process slowly, according to Sr. Calvo-Sotelo. Nevertheless he says he is considering some "anticipatory actions" during the negotiating period. For instance, he expects changes to be made in legislation concerning monopolies, of which there are currently three in Spain—the telephone company Telefonica, the national petroleum distribution company Campsa, and the tobacco company Tabacalera. Changes are also being contemplated to liberalise automotive imports.

Spain is also looking at ways whereby it can begin to be part of the Community decision-making process — or rather so that Spain can be more closely consulted on decisions taken by the Community that affect it. One contentious issue is the position of the 500,000 Spanish workers inside the Community. Spain would also like to be involved in discussions on the proposed European Monetary System. Membership is ruled out at present but in principle the Bank of Spain believes that membership would act as a beneficial form of external discipline.

Significantly, neither in public nor in private has the question been raised of Spain losing sovereignty by joining the Common Market. There has been an unchallenged acceptance of the European ideal. The political parties have implicitly accepted a certain derogation of sovereignty to Brussels. But the practical effects of such derogation are largely unrealised in Spain. For instance, it is questionable how long Spain would be able to maintain its policy of refusing to resume diplomatic relations with Israel once it became a member of the Community. In admitting Spain, Brussels would be bringing into its fold a nation every bit as nationalistic and chauvinistic as the British and French — and when threatened just as capable of being obstructive, especially where national sovereignty is concerned.

This is a caveat which the Spanish themselves have probably not yet fully come to terms with. Another is that, as democracy is taken more and more for granted both inside Spain and by the rest of Europe, the original motivation for membership — the strengthening of democracy — will appear less important. The economic aspects of Spain's relationship with the community will become more central.

The EEC's Trade with SPAIN



Letters to the Editor

Examining the closed shop

From the Executive Director, Institute of Directors

Sir,—It is excellent news (February 2, Page 1) that the TUC is to examine trade union organisation, and in particular that most unacceptable part of it, the closed shop. The last few weeks of industrial turmoil will provide it with plenty of evidence of its harmful effect and, dare one hope, the necessary spur for its elimination.

This Institute has for the last two or three years argued consistently, and often alone, against this most vicious of restrictive practices, not only because of its clear implications for the freedom of the individual, but also because of the actual harm it does to the interests of those whom its protagonists think it will protect.

The closed shop is harmful for three quite specific reasons: it restricts the freedom of the individual to associate or not to associate — and, thus, to work at his chosen calling; it hampers the capacity of enterprises to go about their legitimate business of serving their customers, and thus providing their employees with a livelihood; and it undermines the effectiveness of the trade union movement itself.

The first point needs little elaboration: a man's right to work is, or ought to be, inalienable. All he has to sell is his own ability. The second point is equally clear: you do not have to look far to see examples of where the closed shop has provided trade unions with power to prevent or make it virtually impossible for firms to honour their commitments to their customers. The communications industry provides its own examples. As for the unions themselves, they too have their customers — their members.

Once unions need make no effort to encourage people to join, but can simply dragoon them into their ranks, once potential members are no longer free to choose whether to avail themselves of their services, the unions will cease to have the real interests of their members at heart. Monopoly is no more benign in the hands of trade unions than within the market for goods and services. Just like any other customers faced with a service which does not come up to scratch, union members must be able to demonstrate their dissatisfaction, and vote with their feet.

If the TUC were now to initiate reform of the closed shop, it would find that it had acted at a time when support for such a move was at its height, not only amongst the general public but also in the rank and file of union membership itself. Such a move would demonstrate to a bewildered British public a constructive side to what today looks dangerously like a destructive force.

R. S. R. Watson,
116 Pall Mall, SW1

Do away with inflation

From Miss M. Gough

Sir,—The director of Help the Aged (February 1) seems to have allowed his sympathy and emotions to overcome his commonsense: if the index-linked pensions of the civil servants were to remain static, those persons affected would simply join the ranks of those whose cause he is championing, for by definition those servants are also aged and by far the greater proportion of them have pensions for less than the original £3,000 he quotes.

The director's solution is symptomatic of two things which I deplore: the attitude of reducing all to the misery of the lowest; and the tendency to remedy defects by treating the symptom rather than the cause, as when Governments take 52 per cent of profits in corporation tax and give it back to companies in grants, loans and subsidies of all kinds.

No wonder the bureaucracy is so extensive and expensive. Obviously, the answer here is to do away with inflation so that the index-linking withers away. Incidentally, civil servants do not make laws: they are administrators, not the legislature.

(Miss) M. Gough.
2, Cross Cottages, Stogursey, Bridgwater, Somerset.

Who do you miss the most?

From Mr. A. Thorne.

Sir,—While I sympathise with the lower paid workers, Mrs. Ings (February 2) may be assured that there would be no shortage of volunteers among the "bankers, financiers, stockbrokers, etc." and their families to undertake the work normally done by the essential workers who are striking. Perhaps, too, the work would be done more efficiently and with better grace, but as we already know, the trade union pickets will not permit this.

Were the boot on the other foot, it is unlikely that there would be union pickets to prevent the vital public service workers taking over the running of the banks and financial institutions, but it is interesting to speculate how long it would be before the country ground to a total halt.

A. S. J. Thorne,
Foxley, Hancocks Mount, Sunningdale, Ascot, Berks.

Entrepreneurial education

From Mr. D. How

Sir,—While finding John de Bruyne's article "Britain: A Utopia for entrepreneurs?" (January 31), a stimulating if somewhat rose-tinted contribution to the general debate as to whether we are doing sufficient to encourage the establishment of small businesses, I must disagree violently with his conclusion that the reason for a shortage of entrepreneurs is that the "British independent schools still turn out conformist and non-competitive students" who are educationally unfitted for risk-taking.

As a member of his House at Eton I would like to reassure him that a large number of his ex-school contemporaries are busily engaged in a wide range of entrepreneurial activities. From a House photograph of some 50 boys (in which John features) I counted no fewer than eight I personally know who have built up their own companies within the past ten years. They range from one who has established a service industry group employing over 700, to another who owns a West Country catering firm, and a third who has developed substantial manufacturing interests, largely in plastics.

It would thus appear that at least 15 per cent of John de Bruyne's school contemporaries are involved in entrepreneurial activities, which just goes to show how far he has lost touch not only with them but also (as would appear from his article) with the harsh realities of starting and running a business in the strike-ridden and bureaucratically stifling commercial atmosphere of Britain, 1979.

Denzil How.
12, Perrymead Street, SW6.

Running your own business

From the prospective Liberal Parliamentary candidate for Saffron Walden

Sir,—It was like a breath of fresh air to read the article—Britain: a Utopia for entrepreneurs?—by John de Bruyne (January 31).

There is, I believe, such a thing as self-induced defeatism, and the spokesman for British business—particularly the small business sector—seem to me to be guilty of it. As a self-employed professional who started his own business, I can vouch for nearly all of the points made by Mr. de Bruyne.

Too many small men who start up on their own are not equipped with the very basic administrative, legal and accounting skills necessary these days.

The whole approach of the business lobby towards such legislation as the Employment Protection Act drives me to distraction. Of course it causes some extra work and involves the acquisition of legal skills and new habits towards employment. As against that, however, the better organised companies were moving this way already (if they had not already got there). And, more important, the Act should go a long way to undermining that fear of arbitrary and unjust behaviour on the part of employers which has for so long fed the fears of myriads of decent workers, and provided a rich seam for militants to exploit. In my view the Employment Protection laws are in the process of neutralising one of the major sources of industrial unrest.

I think Mr. de Bruyne underappreciates the genuine wish on the part of workforces to be more involved in the businesses they are employed by. Again, however, the whole concept of participation is treated by business leaders who should know much better as yet another imposition, rather than the potential solvent of age-old and destructive misunderstandings which bedevils us still.

Andrew Phillips.
89, Bradford Street, Bocking, Braintree, Essex.

Seeking for training

From the Deputy Chief Executive, Manpower Services Commission, Training Services Division

Sir, — Though your correspondent Miss Eynor Barrie's account (January 22) of her experience in seeking training under the training opportunities scheme (TOPS) in radio/TV and electronic servicing is substantially correct, I hope that your readers are not led by it to imagine that the Manpower Services Commission is not alive, or responding, to the training needs arising from changes in micro-electronic technology.

The course concerned is by no means directly connected with these changes, and the dilemma underlying the long-awaited period for it, of which Miss Barrie was made aware at a very early stage of her application, is set out at paragraphs 1.17 and 1.18 of the recent review of TOPS. There are certain courses which are heavily in demand by individuals, but for which there is only a limited demand by employers; and this is one.

We hope that it will be possible to allocate Miss Barrie a place well before the time suggested in our letter to her of November, but we prefer to perform better than we promise.

To set the record straight, we shall in the present financial year provide training under TOPS for computer-related skills (including computer engineering) for 800 people in London alone, and are aiming to increase that provision quite substantially.

J. D. Rimington.
Manpower Services Commission, Training Services Division.
Ebury Bridge House, Ebury Bridge Road, SW1.

London taxi fares

From The Chairman, London Joint Cab Trade Committee.

Sir,—Your article on the London cab trade in "Men and Matters" (January 26) quotes only a fragment of the full statement given to its author over the telephone the previous evening, and therefore gives your readers quite the wrong impression. New cab orders from Mann and Overton (the London suppliers) were stopped by a unanimous decision of this committee representing London's 16,000 drivers and owners.

New cabs have hitherto been purchased by the trade in the belief that an adequate fare increase would be forthcoming but on the contrary fares have been held down while costs have continued to rise. Since July, 1975, cab fare increases have been subject to strict Government constraints of 10p per hiring increase in December, 1976 and 10 per cent in December, 1977. During this same period, Carbodies and Mann and Overton have inflicted regular price increases in the cab trade, resulting in the new Austin cab price rising by 85 per cent and spare parts by 79 per cent. London's cab drivers feel a sense of bitterness towards their suppliers for pushing up prices while they themselves have been forced to work harder and longer to make ends meet.

The Under-Secretary of State at the Home Office recently described the cab trade as a "flourishing industry" and while this may apply to the supplying of new cabs and spares it is certainly not true of the operational aspect with which we are all deeply concerned.

Let the Government's own Price Commission Taxicab Survey (September, 1978, Para. 5.19) make the case for us: "If funds were put into reserves at a rate adequate to finance the purchase of replacement cabs, the operating margin would be eliminated."

London is the only capital city in the world with a custom-built cab and cab drivers are quite happy to keep it that way so long as their suppliers do not take advantage of having the only shop in the street.

Having suffered these and other heavy increases in operating costs, the London cab trade's second grievance is with the Home Office for not allowing fares to rise to a level sufficient to recover them. At least in this connection a joint working party has been set up and is currently trying to reach an acceptable solution.

G. W. Trotter,
London Joint Cab Trade Committee.
47, Windsor Road, Slough, Berks.

The law on picketing

From the Vice-President, Employe Relations Institute of Personnel Management

Sir,—There is a temptation to react to the particular issues of the moment, whether it be the mass-picketing at Grunwick or the secondary picketing in the road haulage dispute without looking at the deeper causes and forgetting that in many cases picketing causes no apparent problem.

This institute considers that the intention of the law—as expressed in Section 15 (a) of the Trade Union and Labour Relations Act, 1974—is clear on one point: that the immunities only apply where there is a dispute with the employer in question. If there were uniform acceptance of this interpretation of the law and if it were possible for it to be enforced, there would be no need for amendment. This, however, is not the case—as evidenced by the untypical but potentially very serious recent happenings—and the institute considers that the law on picketing needs clarification and re-statement.

Accordingly the institute has proposed a rewording of S.15 of the 1974 Act to confine picketing to persons employed in the business concerned or officers of trade unions having (or seeking) recognition rights in that business, to confine pickets to attend at or near a place where that business is carried on, to limit the number of pickets to that appropriate to the site, being sufficient to communicate information peacefully and not to cause an obstruction. Pickets should be identified and have an appointed leader.

The institute appreciates that the changes it proposes in the law will require certain difficulties of definition to be overcome but does not consider these insuperable.

L. D. Cowan.
Institute of Personnel Management, Central House, Upper Woburn Place, WC1.

GENERAL

UK: National Union of Mineworkers and National Coal Board negotiators meet again on pay claim.

OFFICIAL STATISTICS

Department of the Environment publishes figures for slum clearance (fourth quarter); housing starts and completions (December); and house renovations—work completed (fourth quarter). London clearing banks' monthly statement (mid-January). UK Banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-January).

Today's Events

PARLIAMENTARY BUSINESS

House of Commons:—Debate on the disruption of the education services, till 7 pm. Private Business.

House of Lords:—Land Registration (Scotland) Bill, report. Aviation Security Fund (Amendment) Regulations 1979. Price Commission (Amendment) Bill, committee stage.

Select Committees:—Nationalised Industries, Sub-Committee A. Subject: Report and accounts. Witnesses: British Waterways Board. Room 8, 4 pm. Joint Committee on Statutory Instruments. Room 4, 4.15 pm, followed by Select Committee on Statutory Instruments.

COMPANY RESULTS

Final dividends: Evode Holdings, Hallam, Sleigh and Cheston. Interim dividends: Crouch Group, Textured Jersey, Unitech. Interim figures, William Jackson and Son.

COMPANY MEETINGS

Baggeridge Brick, Midland Hotel, Birmingham, 12.30. Kelsey Industries, Kelsey House, Wood Lane End, Hemel Hempstead, Herts, 11. Tomkinsons Carpets, Duke Place, Kidderminster, 12.

Vibroplant moves ahead to £1.6m in first half

PROFITS before tax of Vibroplant Holdings, plant hire specialists, increased from £1.23m to £1.6m in the first half year ended September 30, 1978. Turnover was higher at £5.37m compared with £4.38m.

The improvement reflects the comments made by Mr. G. B. Pilkington, the group's chairman at the annual meeting last August.

He told shareholders then that the current year had started well with profits at a satisfactory level and he expected the group to continue growth and further increase profits in 1978-79.

Net profits for the first six months were £767,451 compared with £588,864 after tax of £831,405 against £637,936.

The interim dividend is lifted from 3.96p to 4.422p costing £176,880 (£142,560) after waivers.

In the last financial year to March 31, 1978, a total dividend of 10.6265p was paid from record pre-tax profits of £2.38m.

● comment

Snow and the transport strike have effectively doubled the construction industry's traditional two-week Christmas break and may therefore jeopardise the chances of sustained growth at Vibroplant. At the interim stage, the plant hire group is 30 per cent to the good at the pre-tax level indicating slightly better than maintained margins, where a 15 per cent price increase at the start of the financial year was obviously of material help. The shares climbed 4p to 217p yesterday where the historic p/e is 10.2 and, given normal industrial and climatic conditions, the prospective figure should have been no more than 9.

Comparisons with the rest of the sector are mostly invalidated by the group's unique position as a hirer of general non-operated plant and the industry's widely varying treatment of the crucial depreciation charge. But an historic yield of 7.5 per cent, a good track record and the group's independence of the increasingly competitive crane hire business should justify a premium price. It seems, however, that the recent demise of the founder and chairman should not be taken as the forerunner of any break-up of the dominant family shareholding.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Crouch Group, Textured Jersey, Unitech.

Finals—Drayton Far Eastern Trust, Evode Holdings, Hallam, Sleigh and Cheston.

FUTURE DATES

Interims—	
Ariel Industries	Feb. 12
Hawthorn, Leslie	Feb. 8
Meat Trade Suppliers	Feb. 13
Minerals and Resources Cpn.	Feb. 14
Reliance Knitwear	Feb. 15
Town and City Properties	Feb. 8
Zambia Copper	Feb. 14
Finals—	
Alexanders Holdings	Feb. 12
Arden and Cobden Hotels	Feb. 7
Colonial Securities	Feb. 7
Debenture Corporation	Feb. 8
Metal Closures	Mar. 20
Plastic Constructions	Feb. 9
Tube Investments	Mar. 21
Witter (Thomas)	Feb. 13

Dewhurst & Partner ahead

FOLLOWING A rise from £72,530 to £127,600 in midway profits, Dewhurst and Partner, maker of electric control equipment, ended the October 1, 1978, year ahead at £229,045 pre-tax, compared with £167,284 for the previous 53 weeks. Turnover was £1m higher at £4.21m.

After tax of £118,585 (£92,582), stated earnings improved from 1.04p to 1.53p per 10p share, while the dividend total is lifted to 0.92p (0.83p) net with a 0.64p final.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
African Lakes	4.4	—	3.52*	4.4	3.52*
Claverhouse	2.9	March 8	2.3	4.4	3.8
Clifford and Snell int.	0.34	April 27	0.31	—	0.64
Dewhurst and Partner	0.64	April 6	0.58	0.92	0.83
Excalibur Jwllry. ...int.	0.29	April 30	0.26	—	0.53
Kunick ...int.	0.33 ‡	April 30	nil	—	nil
Stirling Knitting ...int.	0.35	March 30	0.35	—	0.75
U.C. Invs.§	28	April 6	20	42	30
Vibroplant ...int.	4.42	March 5	3.96	—	10.63

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue.
† On capital increased by rights and/or acquisition issues.
‡ Gross.
§ South African gross cents throughout.

Excalibur falls at six months

A FALL in pre-tax profits from £470,218 to £398,894 in the half-year to October 31, 1978, is reported by Excalibur Jewellery. Turnover stood at £2.95m against £2.88m.

After tax of £207,425 (£244,613), earnings per 5p share are shown lower at 1.32p (1.55p).

The net interim dividend is increased from 0.2634p to 0.2942p —last year's total payment was 0.5348p on pre-tax profits of £835,000.

● comment

While retail jewellers have been enjoying the benefits of the spending boom, UK manufacturers have been having a lean time, mainly due to the high level of imports flooding the market. Excalibur is no exception, with first half profits showing a 15 per cent downturn. The results also reflect lower sales of silver items during the period, compared with the previous year's exceptional demand thanks to the Silver Jubilee. Apart from the imports problem, Excalibur is having to contend with fewer orders for watch bracelets (previously a major profit earner) mainly because modern watches are now sold with matching metal straps. To take up the slack the company is widening its product range to include fashion items such as pendants and earnings, although competition in these fields will be severe. At 18½p the shares yield a prospective 4.8 per cent.

Stirling Knitting half-year

PRE-TAX PROFITS of Stirling Knitting Group rose from £197,000 to £204,000 in the half-year to September 30, 1978, on turnover well ahead at £5.01m (£2.8m).

After tax of £106,000 (£102,000), earnings per 20p share are stated higher at 3.14p (3.04p).

The net interim dividend is the same at 0.35p. Last year's total payment was 0.75p on pre-tax profits of £330,379.

Brentnall Beard reveals reorganisation details

Lloyd's of London insurance broker, Brentnall Beard (Holdings), yesterday unveiled a complex series of deals carried out during its last financial year, and after, which have reorganised the group's Canadian operations.

Mr. S. M. Elsbury, the group chairman, tells shareholders in his annual statement that the reorganisation has been necessitated by the losses in the Canadian operations.

Canadian turnover dropped from C$3.71m in 1976/77 to C$2.35m in 1977/78 which left the group with sterling losses of £595,000.

There were substantial losses on exchange, "largely due to the depreciation of the C$ by 23 per cent and of the U.S.$ by 13 per cent against sterling in the year. The sterling equivalent of the dollar losses amounted to £317,000.

As a result of the reorganisation the group balance sheet has been improved.

An extraordinary item of £217,000 net of attributable taxation relates to gains on sales of interests in Canadian subsidiaries.

Net tangible assets in the balance sheet have increased from £436,171 to £514,782 arising from the disposal of certain interests in Canada.

But this increase does not reflect the effect of the acquisition of the outstanding minority interests in the Canadian holding company, which took place after the year-end—this reduces net tangible assets by approximately £117,000.

The directors' remuneration has increased from £86,245 in 1976-77 to £147,001 in the past year. In 1975-76 that figure was £123,563 for ten directors. Mr. Elsbury explains the latest increase: "During the past year we have brought on to our board additional director, namely, a finance director . . . and we also co-opted to the board the chief executives from Canada and our underwriting agencies."

In its last financial year Brentnall Beard reported a fall in group turnover—from £5.01m to £4.51m—and a loss of £526,188, compared with a taxable profit of £1.12m.

A circular detailing post year end structural changes to the group have been sent to shareholders.

Outlined is the reduction of a holding company, Foll[...] Insurance Holdings (which is to be renamed Brentnall Be[...] (Canada)), in three operating subsidiaries: Deslauriers, Wi[...] and Associates, Brentnall Be[...] and Associates, and Foll[...] Underwriting Managers.

Mr. Elsbury explains that shareholders approval is being sought at an extraordinary general meeting on February [...] 1979 at the Linn Hotel, [...] Cnp. Shrewsbury at 12.20 [...] sometime after the reorganisation.

"Because directors and executives of group companies were interested in the various transactions relating to the Canadian reorganisation and because the timetable for the reorganisation did not permit shareholders approval before the reorganisation had been effected, approval is being sought at an extraordinary general meeting of the group."

Peak shareholders approve sale

An extraordinary general meeting of Peak Investments held in Stockport yesterday agreed, without dissent, to the sale of the electronics section of the business to the Irish company, Nissa. Proceeds will realise £650,000 but the indebtedness of £296,415 will remain with Peak.

Nissa is the newly registered Irish company in which Peak Investments' chairman, Mr. John Finch, owns 58 per cent and Mr. John Bloice, managing director of Peak Electronics, holds 14 per cent.

Mr. Robert Dingle, managing director of Peak Investments, told the meeting that it had been stated that certain City institutions were "unhappy" about the deal. He pointed out that proxy votes totalled 1,410,908, with 272,459 against.

He said: "We are satisfied that all our institutional shareholders are in favour of the proposals."

The only questions were asked by local shareholders. Mrs. Sylvia Duckworth asked was the company not selling "blind" when the deal seemed to be based on figures produced as at last May.

Secretary Mr. W. G. Peploe said there was not time to produce the accounts ahead of the AGM in April, and Mr. Finch said there had been problems involved in the deal which prevented it going through last year.

Mr. Finch said the company would receive "a considerable injection" of much needed cash which was sensible for the future development of Peak Trailers, which could move into smaller and more efficient premises. The three income-producing properties in Stockport would be retained as investments.

Consideration had been given to diversifying and the workforce had also been consulted with a view to helping the company become more efficient.

Bootham optimistic

Mr. J. S. Rymer, chairman of Bootham Engineers says in his annual report that the directors remain reasonably optimistic about the prospects for the group.

They are continuing the policy of capital investment and have a programme of capital projects which can be started either when they have the resources to undertake them or when the successful development of a particular unit requires additional capacity, be added.

As known, pre-tax profits for the October 31, 1978 year rose from £581,952 to £681,193 and the dividend is effectively increased from 4.6075p to 5.145p net per share.

MANSON FINANCE

For the six months to October 31, 1978, pre-tax profits of Manson Finance Trust were £316,000, compared with £30[...] last time which included £5[...] from sale of Government securities.

In the report on January [...] the profit on sale of Government securities was incorrectly included in the 1978 half-year result.

Rivlin runs into £0.4m loss: Sachs still a problem

THE PROBLEMS are not over yet at I. D. and S. Rivlin, whose store subsidiary Sachs and Sherman went into receivership last year.

The delayed report and accounts for the year to last April contain a statement from the chairman that the difficulties arising from Sachs failure "will be overcome. But that is a medium-term rather than a short-term objective."

Meanwhile, the figures show a collapse in profits from £66,293 (compared with peak profits of £1m in 1974) to a loss of £435,810.

Of this, Sachs accounted for £308,000 but the companies still trading managed to lose some £128,000.

Since the year end the group's financial affairs have been tightened. The investment in Sachs —worth £624,000—has been written off; loss making retail shops have been closed, and bank borrowings and stocks reduced.

According to Mr. Leon Rivlin, the chairman, the result is that bank borrowings had been reduced by 34 per cent and stocks by 30 per cent by October last. By Christmas bank borrowings had come down to £708,000 against the £1.3m shown in the balance sheet for April. This compares with employed capital (after allowing for Sachs) of £1.8m at the balance sheet date.

The Board now feels that the remaining companies will not make a loss in the six months to October last, excluding the cost of closing some shops.

Furthermore, there continues to be hope that Rivlin will not be called upon to honour its £½m guarantee for Sachs' borrowings from Midland Bank.

However, the company is not forecasting over its trading profits. It explains that part of last year's problems were due to delays by the EEC in finalising import quotas for garments but beyond that says only that forecasting in the present economic climate is difficult.

The shares are still suspended but an application for re-listing is to be made shortly.

Kunick Hldgs. reaffirms £0.10m target

The directors of Kunick Holdings, manufacturer and wholesaler of fashionwear and commission agent, reaffirm pretax profits of at least £100,000 for the current year.

Profits before tax for the six months to November 30, 1978, rose from £6,806 to £44,352. Additionally, the group derived pre-tax profits of £16,429 made by Katina Fashions Group prior to acquisition on August 15, 1978.

As anticipated, there is an interim dividend—the first payment since 1972—of 0.2211p net per 10p share, which is equivalent to 0.33p gross. In a statement with the acquisition and rights issue, published at the end of last July, the directors forecast pre-tax profits of approximately £80,000 for the year. On this basis a gross dividend of 1p would be recommended, payable as an interim of 0.33p and the balance as a final.

Little change for Clifford & Snell

From turnover of £1.03m against £0.87m, profits before tax of Clifford and Snell, electrical and electronic engineer, improved from £95,375 to £97,724 in the half year ended September 30, 1978.

After tax of £53,000 (£51,500), earnings per share are shown at 0.96p against 0.95p.

The net interim dividend is lifted from 0.3123p to 0.3435p— last year's total was 0.635p from pre-tax profits of £195,000.

African Lakes picks up in second half

ALTHOUGH TAXABLE profits of the African Lakes Corporation increased from £672,114 to £761,336 in the second six months of the July 31, 1978 year, the full year result was lower at £1,204,912 compared with £1,247,229. Turnover rose £1.05m to £8.01m.

At midway, the directors said that with an upswing in trading in the second half, it appeared likely that full year results would not be substantially less than the previous year's.

Stated yearly earnings increased from an adjusted 96.33p to 101.3p and the dividend is effectively lifted to 4.4p (3.52p) net. A one-for-five scrip issue is also proposed.

Attributable profits were higher at £669,913 against £637,191, after tax of £436,127 (£610,038) and minorities of £134,872 this time.

The directors say a share subscription agreement has been signed with local Malawian interests whereby they will subscribe in cash for additional shares to be issued by Mandala over a five-year period.

This will result in the level of local participation in Mandala steadily increasing from 16 per cent in the 1977-78 year to 49 per cent in the year to July 31, 1983.

The group operates as a trader and planter of tea, rubber and other crops. It is also engaged in general trading and the motor industry.

Claverhouse increase

PRE-TAX REVENUE of Claverhouse Investment Trust rose from £582,958 to £664,565 in the year to December 31, 1978.

After tax of £221,745 (£200,237), earnings per 50p share are shown to have risen to 4.43p (3.83p). The net final dividend is increased from 2.3p to 2.9p, making 4.4p (3.8p).

Net asset value is 110.77p against 104.55p.

Souza Cruz profits up

By Diana Smith

SOUZA CRUZ, the British-American Tobacco owned Brazilian company which controls 84 per cent of the local market, announces profits of Cr 1.25bn ($62.2m) for 1978, an increase of 17 per cent on the Cr 1.06bn ($53.2m) for 1977. Gross sales rose 42 per cent to Cr 47.25 bn ($2.37m).

Profits for the period were adversely affected by a 53 per cent rise in overheads to $450m against a previous $294m. The cost of leaf tobacco took the heaviest toll. The average price per kilo paid to the 55,000 planters with whom Souza works, rose by 46 per cent. But, the higher price has encouraged the planters to grow more tobacco, thereby ensuring a good crop in 1979.

The price of cigarettes went up by 44 per cent on January 1, which should mean better trading results by the year-end. Souza will purchase $300m worth of tobacco leaf this year; 32 per cent more in volume and 70 per cent more in value than in 1978.

Having started exporting tobacco eight years ago, Souza Cruz sold $87m worth abroad in 1978—20 per cent more than in 1977.

The company is one of the five largest cigarette manufacturers in the world with 300,000 sales outlets. It plans to invest some $350m in the next eight years to meet rising demand.

LOUIS NEWMARK

Louis Newmark's watch merchanting operations are conducted on a firm sales basis, not a sale-or-return basis, as indicated in last Friday's comment on the interim figures, according to Mr. Geoffrey Newmark, the group's chairman.

PUBLIC NOTICES

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BIDS and DEALS

Sheffield Brick acquires Parker Winder for £0.3m

BY TERRY OGG

The Sheffield Brick Group yesterday announced its first significant acquisition since its new deputy chairman, Mr. Roger Marsh, acquired his 20 per cent stake in the company towards the end of last year.

It has bought Parker Winder and Achurch, a Birmingham-based architectural ironmonger, at a cost of £300,000 in cash plus a further £40,000 which will be handed over after the Parker accounts for the period to February 3 are audited.

The final figure will be equal to the adjusted net assets at February 3. Finance for the acquisition has been provided via a term loan from County Bank.

For the past few years Sheffield's performance has not been particularly inspiring with pre-tax profits reaching a peak of £177,862 in 1973. In 1977 the full year figure was £145,000 and in the first six months of 1978 the interim pre-tax profit was £54,000.

Mr. Marsh, a former chairman of W. J. Reynolds, the Ford motor distributor, has indicated that Sheffield is capable of better things. He acquired his interest in the company when another Sheffield-based group, Raine Engineering Industries, sold tha stake it had built up during an unsuccessful bid for Sheffield Brick.

The Brick in Sheffield's name is a slight misnomer as the company is now almost wholly dependent on its architectural ironmongery business. Mr. Marsh late last year advertised for a possible acquisition in the "architectural and builders' ironmongers and Do-It-Yourself" businesses.

The Parker bid is the first visible sign of any success of the advertisement. Parker made a loss of £80,245 in the year ended March 31, 1978. Following an internal re-organisation, pre-tax profit for the six months to September 30 was £1,256 according to unaudited management accounts. Turnover in the first half was £719,428 and net tangible assets totalled £336,831.

AURORA

Aurora Holdings has merged its two Australian subsidiaries Samuel Osborn Australia (Pty.), Sydney, and ESC Tools (Pty.), Melbourne. This will improve operating efficiency by consolidating management, administration and other facilities.

BP pays £3m for Bristol Composite

One of the subsidiaries of British Petroleum, BP Capital, has agreed to buy a public but unlisted company, Bristol Composite Materials, for £3m in cash.

The terms are 290p for each ordinary share and 315p for each convertible.

Morgan Grenfell, BCM's advisers, say the offer is fair and reasonable, and the Board, which owns 22 per cent of the ordinary shares and 10 per cent of the convertible, have agreed to the offer. Other shareholders, representing respectively 29 per cent and 41 per cent of the classes of shares have also accepted.

Redland's U.S. purchase held up

The £17m proposed takeover by Redland, the UK building group, of Season-All Industries of Indiana has been put into abeyance while a review and audit of the U.S. companies 1978 financial results is completed.

Redland is mounting the bid in conjunction with its 56.4 per cent controlled West German subsidiary, Braas and Co. Redland and Braas operate a joint U.S. subsidiary.

Season-All is a manufacturer of aluminium storm screen windows. In the nine months to September 30 it reported net profits of $480,000 on sales of $30.6m. In the previous year net earnings were $1.8m on sales of $29.3m.

OLYMPIA AND YORK EVALUATING EPC

Olympia and York, the private Canadian property company which last week emerged as a potential bidder for English Property Corporation, said yesterday that it was "still evaluating" the information available on EPC.

A spokesman for Rothschilds, the merchant bank advising Olympia, said the company hoped to be in a position towards the end of the week to know which way it will be going."

EPC received a 46p a share bid from Dutch property group Wereldhave last Friday, which has rejected as being inadequate. EPC shares, which were suspended on Friday, returned yesterday and closed at 47p—3p up on last week's final quotation and 1p up on the bid price.

Wereldhave disclosed yesterday that by 3.30 p.m. last Friday acceptances of its original 37p a share offer had been received from the holders of 184,462 existing fully paid voting ordinary shares, the holders of 482 preference shares and the holders of £21,246 6½ per cent convertible unsecured loan stock.

The latest Wereldhave offer document is expected sometime this week, when EPC directors will again write to shareholders.

SANDELSON SELLS PART OF E & O

Mr. Victor Sandelson, stockbroker, has sold a tenth of his 11 per cent holding in English and Overseas Investments, which he acquired in the autumn of 1977 as a long term investment.

English and Overseas, once headed by Mr. John Bloom, is a former property company now concentrating on fine art reproduction.

Mr. Sandelson, who was in the news last year with his bid for the London Pavilion property development site at Piccadilly Circus, bought 1.2m shares when he became a director of E and O and has now sold 120,000 "to meet personal financial commitments."

BUSHELLS INV.

Brooke Bond Liebig after its long tussle with the Australian Government now owns 72.7 per cent of Bushells Investments and the offer will be declared unconditional on Monday.

CALEDONIAN SAYS WAIT

The formal bid document by London and Midland Industrials for Caledonian Holdings is to be issued later this week, a spokesman for LMI said last night.

In the meantime, Caledonian's directors say they are continuing to consider the LMI bid and—although they were reluctant to identify them—"several other serious approaches."

They intend to make "a strong response" to LMI after the formal bid is announced. In the meantime they advise Caledonian shareholders not to take any action.

EVODE EXTENDS SHOE SIDE

One of the subsidiaries of Evode, VIK Supplies, is extending its range of supplies to the shoe industry. It is buying a Northampton group, Charles A. Quinn, which manufactures stiffening materials and shoe finishers.

Its products are compatible with VIK's adhesives and coatings for the industry and extends VIK's position in the market which has been established by two earlier take-overs in the past six years.

Dufay in better position

Dufay Bitumastic, which has recently been in a bid skirmish with Camrex (Holdings), explained to its shareholders yesterday its reasons for refusing Camrex's 50p offer.

On the basis of management accounts the outturn for 1978 will be better than was anticipated at the time of the rights issue of convertible loan stock last September, Dufay said.

The current year has started well, it added, despite the industrial difficulties which the company, in common with industry generally, is facing.

For those reasons Dufay did not recommend a general offer to shareholders of 50p, and sought the agreement of the Treasury to the dividend proposals in respect of the years 1978 and 1979.

SHARE STAKES

British Syphon Industries—M. Anderson, deputy chairman, has reduced his beneficial interest by 25,000 shares to 39,000.

London Investment Trust—D. R. Jessel, director, has sold 30,000 shares.

T. Cowie—F. M. C. Bowes Lyon, Earl of Strathmore and Kinghorne, director, bought 10,000 shares at 44½p on January 30.

Proprietors of Hay's Wharf—Smith Trustee Company sold 72,000 shares on January 3 reducing holding to 803,181 (4.7 per cent).

Minet Holdings—J. Wallrock, director, sold 50,000 shares at 160½p on January 30.

Group Investors—Sun Life Assurance Society, as a result of recent purchases, has increased its holding to 540,000 shares (8.13 per cent).

Amalgamated Estates — F. Phillipps, director, sold 25,000 shares on January 30. Holding now 4,444,212 (37.5 per cent).

GRAMPIAN HDGS. SELLS FURNITURE SUBSIDIARY

Grampian Furniture, a wholly-owned subsidiary of Grampian Holdings, has been sold to Goodtrade Supermarkets for £1,000.

Grampian says it has divested itself from this loss-making subsidiary in order to deploy its resources more effectively. Over the past three years GF has incurred losses totalling more than £0.6m, including £0.31m during 1978.

At end December, 1978 GF's net tangible assets stood at about £73,000 with its total debt amounting to around £1.15m, including bank borrowings of £0.35m.

Goodtrade is to take on the bank debt but loans to Grampian by GF, totalling about £0.71m, are to be written down by around £0.63m. Goodtrade will pay £94,000 of the remainder on completion and the rest between 1980 and 1983.

Grampian will have a floating charge over GF's assets as security. The discharge of the bank loan and GF's initial payment reduces Grampian's borrowings by around £0.4m.

DAWNAY DAY

On the retirement of Mr. Alan Emery, the director in charge of developing the industrial investments, Dawnay Day, the merchant bank group, is to buy out his 10 per cent interest in Dawnay Day Industries.

The subsidiary has net tangible assets of £4m or so after adjusting for post balance sheet sales, and post tax profits before extraordinary items last year were £1m.

Mr. Emery will receive £365,000; £115,000 in cash in June and £250,000 of unsecured loan stock on completion.

Standard Life Pensions mixed

Strong growth in both the property and the mixed fund in the six months to November 15, 1978, is reported by Standard Life Pensions Fund, a member of the Standard Life Assurance Company. But the equity and fixed-interest funds remained somewhat static over the period.

The value of the Mixed Fund, a blend of equities and fixed-interest, rose by £10m from £73.3m to £83.3m, with the unit price increasing by 2.5 per cent. The fund, which did not buy gilts during the previous six months, invested £600,000 at the beginning of July, £2.2m at the beginning of October and £3.7m in November when the prices were low. The managers made steady purchases of equities during the period including £1.25m of U.S. equities in November.

At the end of that period, the portfolio was split 38 per cent fixed-interest, 48 per cent UK equities, 13 per cent overseas equities and 1 per cent cash.

The Property Fund increased in value by over £5m from £23.2m to £28.7m, with the unit price rising 9 per cent. The price of this fund has more than doubled since the launch in September, 1974. The managers report that the results of the fund's own developments are becoming apparent. The Aberdeen industrial estate is effectively prelet and the schemes at Poole and Littlehampton are being let ahead of completion.

The fund invested £2.3m in properties over the period and is committed to a further £5.7m on developments over the next year. With the size of the fund increasing steadily, the managers are now able to consider larger schemes and will continue to look for developments with particular emphasis on small town centre schemes.

The Equity Fund remained unchanged in value at £4m, with one large withdrawal offsetting cash inflow over the period. There was a net investment of £370,000 in UK equities and £101,000 in U.S. equities. The liquidity of the fund was run down from 13 per cent to 2 per cent.

The value of the Fixed-Interest fund fell slightly over the period from £1.9m to £1.5m.

MINING NEWS

A disappointing year for Comalco, but . . .

BY KENNETH MARSTON, MINING EDITOR

DESPITE A better demand for primary aluminium and firmer prices in international markets last year, the Australian market remained highly competitive. However, the Australian Comalco—owned as to 45 per cent each by Conzinc Riotinto of Australia and Kaiser Aluminium—says that its primary metal sales recovered significantly in the final quarter.

While Comalco's 1978 sales rose by 26 per cent to A$501m (£288m), consolidated net profits after increased exchange losses of A$7.7m amounted to only A$37.4m against A$40.2m in 1977. The latest earnings per share amounted to 21.1 cents against 21.4 cents.

Following the 1978 interim of 4.5 cents which did not apply to the new shares arising out of last year's one-for-four rights issues, a final is declared of 5.5 cents on the increased capital. The total distribution is thus marginally higher than in 1977 when there was an interim of 5 cents and a final of 7.5 cents on the lower capital.

Comalco attributes its disappointing performance for the past year to adverse changes in market conditions for a number of the company's products, increased competition and the continued rise in costs.

What remains to be seen is whether the final quarter improvement in primary aluminium sales, which has also been noted in other metals, points to better conditions generally for Comalco in the current year. Guidance on this will thus be awaited from the chairman, Sir Donald Hibberd in the annual report which is due to be sent out by March 28.

Virtually all sectors of the mining sharemarkets moved ahead yesterday in response to the strength of prices for both precious and base metals. Golds advanced across the board as the bullion price climbed $13⅛ to $244⅝ per ounce. The Gold Mines index rose 9.5 to 181.4, its highest since mid-September.

Free market platinum prices also moved up to new highs of just over $400 per ounce. Shares of South Africa's Rustenburg and Impala rose in sympathy as hopes were raised of a further increase in the producers' selling price of $325.

Shares of the copper producers were again firm in the base-metal sections as the three months forward metal price advanced £44½ more to over £1,000 per tonne for the first time since mid-1974. Rio Tinto-Zinc put on a further 6p to a 1978-79 high of 284p while Palabora jumped 30p to 600p.

UC Investments to pay more

UC INVESTMENTS, the General Mining-Union Corporation company with a portfolio of South African gold and platinum shares, today declares a final dividend of 28 cents (16.3p), bringing the total payment for 1978 to 42 cents, a decisive increase over the 30 cents paid for 1977.

The declaration is accompanied by an announcement of sharply raised profits caused by the high level of dividends from the gold mines and the release of R1.7m originally provided for the writing down of investments.

Net profits for 1978 are R12.07m (£7.03m) compared with R7.24m in 1977. Income from investments rose to R9.8m from R7.19m.

At the end of 1978 the investment portfolio had a market and directors' valuation of R128.9m, against R103.4m at the end of 1977. This gave a net asset value of 852 cents a share.

Yesterday UC Investments shares rose 5 to 265p in line with the general market trend.

Copper recovery gives boost to Canadian mines

THE RECOVERY in copper prices, which started last year and has markedly strengthened in recent weeks, has boosted the figures of Canadian mining groups, and opened up the possibility of bringing closed down facilities back into production.

Bethlehem Copper has announced a tripling of its profits for the 1978 final quarter and Sherritt Gordon Mines has reported that its 1978 earnings were the best since 1974, writes John Soganich from Toronto.

Madeleine Mines, the McIntyre unit, has meanwhile launched studies to examine the possibility of reopening its copper mine in the Gaspe district of eastern Quebec. The mine was closed down in 1976.

Both Bethlehem and Sherritt have gained from the lower value of the Canadian dollar. Mr. Bryan Reynolds, the president of Bethlehem, said that fully one-third of the increase in his group's profits was due to this factor.

In the final quarter of 1978, Bethlehem had net profits of C$1.7m (£716,390), compared with C$0.5m in the same period of 1977. For the whole year profits were C$4.4m (£1.85m), or 70 cents a share, against C$0.9m, or 14 cents a share in 1977.

Earnings were helped by the operation of a new molybdenum recovery plant, but copper prices strengthened 32 per cent during 1978, and Mr. Reynolds expects continued market improvement into the early 1980s.

For its part, Sherritt also benefited from higher prices for cobalt, while operating costs were held at the Ruttan copper-zinc opencast mine.

Net income for 1978 was C$15.7m (£6.6m), or 123 cents a share, more than three times 1977 earnings which were C$4.2m, or 33 cents a share. But this sharp increase was not solely because of metals. Fertiliser shipments were higher and so were fertiliser prices.

● Shareholders of Yukon Consolidated Gold and Brameda Resources have approved the merger with Teck Corporation. The effect of the linking is to give Teck a 21 per cent holding in Lornex, the copper-molybdenum operation which, through Rio Algom, is part of the Rio Tinto-Zinc group. The merger also adds C$22m in cash to Teck's working capital.

ROUND-UP

Gold production at West Rand Consolidated, the General Mining group producer, will be affected for at least three weeks following an accident at the Turk Shaft last Friday. Uranium production, however, is not affected. The accident occurred when the bridle of a loaded skip snapped, causing it to fall down the shaft. Four shifts a day are currently being worked to repair the extensive damage.

* * *

The 1978 annual report of Cultus Pacific, the Perth-based minerals and oil exploration company, comments on the expanded activities, notably in oil and gas exploration. Funds raised via share placings now amount to $A2.4m (£1.37m) and no further share issues are planned for the near future, it is stated. Company policy is to end up with around a 10 per cent carried free interest in the uranium, base-metal and diamond prospects.

* * *

Campbell Chibougamau, the Quebec gold producer, has started extracting and milling ore from a recently developed zone containing 133,000 tons of ore, grading 0.15 ounces of gold per ton and 1.12 per cent copper. The same zone has been confirmed 175 feet higher and exploration is continuing to develop a downward extension.

Inco is not yet out of the wood

CANADA'S Inco nickel giant reports a slightly improved net profit of U.S.$10.1m (£5.1m), or 7 cents per share, for the fourth quarter of 1978, thanks largely to a favourable settlement of past tax issues and share sale profits. Without these benefits the group would have made a loss because of the strike, which continues, at its Sudbury operations.

Furthermore, Inco warns that current quarter's results will be adversely affected "to a significant degree" by strike costs, still depressed nickel prices and substantially increased interest and other charges relating to the company's nickel projects in Guatemala and Indonesia.

Total net earnings for 1978 come out at $77.8m, or 77 cents per share, compared with $99.8m in 1977. The past year's sales totalled $2.08bn against $1.95bn, of which the ESB electric battery subsidiary contributed 38 per cent (36 per cent).

Inco is declaring a first quarterly dividend of 10 cents for 1979. Last year, the company made three payments of 20 cents and one of 10 cents, the total of 70 cents comparing with $1.25 for 1977.

On the brighter side, the Sudbury strike which reduced 1978 nickel output by 35 per cent to 267m lbs also contributed to a reduction in the company's big unsold stocks of 111m lbs to 230m lbs.

Inco adds that during 1978, stocks of finished nickel held by producers in the non-Communist world are estimated to have fallen by over 200m lb to approximately 550m lb. This reflects a high level of consumption coupled with lower production in the industry.

The pointers are thus to an improvement in the outlook for nickel producers as supply and demand come more into balance. But the recovery in their fortunes still looks like taking longer to develop than appears to be the case in other base-metals.

U.S. computer boom after two sluggish years

By STEWART FLEMING in New York

PLANT AND equipment spending by U.S. industry has failed so far to play the role in the growth of the economy that Carter Administration officials had hoped but some sectors of the capital goods industry have been enjoying boom conditions. One such is the computer industry which is now seen as one of the brightest sectors even if the economy in general begins to slow down later in the year.

The computer is beginning to play a more obvious role in the day-to-day lives of many Americans outside the office as well as within it, and some electrical stores are beginning to sell and advertise home computers.

Home computers, whatever their future, are still only the fringe of the market and it is the mainstream of the industry which has been enjoying boom conditions over the past two years.

Although authoritative industry-wide statistics are not available—there is no computer industry trade association, for example—private estimates suggest that worldwide sales of U.S. computer companies grew by around 20 per cent last year and further gains of 13 to 15 per cent are predicted for 1979.

The picture can vary within differing segments of the market, however. The newly emerging mini-computer market, for example, is thought to have increased sales by around one-third last year. Similar gains are predicted for 1979.

The computer industry has in the past had disappointing experiences as a result of customers indulging in multiple ordering of equipment in an attempt to ensure that the one order they need is met. So there is an inclination to take a cautious view of current order trends. But there is little doubt that even if the economy slows the industry is not expecting a slump in demand.

An indication of the mood in the industry has come from the earnings statements of major companies in the past two weeks. International Business Machines, for example, the company which dominates the computer business worldwide, reported that its fourth quarter earnings had increased by 27.2 per cent, a rise which was well ahead of forecasts from many of Wall Street's computer industry analysts. The fourth quarter results showed that IBM had joined the select band of companies which have earned over $1bn in a quarter. For the year as a whole IBM's sales revenues were 16.2 per cent higher at $21bn and net profit 14.4 per cent up at $3.1bn.


The newly emerging mini-computer market is thought to have increased sales by around one third last year

TOP U.S. COMPUTER COMPANIES
($bn)

Company	1978 revenue	% gain on 1977	1978 net earnings	% gain on 1977	Earnings per share $
IBM	21.1	16.2	3.1	14.4	21.29
Honeywell	3.5	21.0	0.201	39.0	9.4
Burroughs	2.5	16.0	0.253	18.0	6.21
Control Data	2.7	19.0	0.090	42.0	5.17
Sperry Rand*	3.0	15.0	0.154	31.0	4.39
NCR†	2.69	13.0	0.194	61.0	6.40

* Nine months figures.
† Excluding extraordinary item and gain from discontinued operations.

IBM, noted for its sharp and aggressive management is clearly not resting on its laurels however. Last week it announce a new range of medium-sized computers employing new technology—the 4300 models—which offer big improvements in data processing power at relatively lower prices.

The new models which are expected to replace older models in its 370 line introduced in the 1970s, start at as little are $65,000. Evidence of just how seriously the data processing industry reacts to new IBM moves came immediately with two companies, a Greyhound subsidiary and DCL Inc. announced they were postponing a $20m merger agreement in order to gauge the impact of IBM's moves on the market, and on Wall Street the share prices of some IBM's competitors slipped.

Mr. Frank T. Cary, the company chairmao, reported that IBM had record order books and said that he expected purchases of equipment to continue at a high level. Other companies, Sperry Rand and Honeywell for example, echoed this optimistic tone.

The boom in the computer industry follows two sluggish years in 1974 and 1975 when many major corporations cut capital spending and put into effect austerity budgets designed to reduce costs and strengthen balance sheets overburdened with debt.

Now, however, the purchase of computer equipment is clearly a priority for many major corporations. One reason is that the industry bas been bringing out new equipment, particularly at the top and bottom ends of the range. Large, new and more powerful equipment employing advances in technology and of course mini-computers or other computer-based equipment such as word processors—essentially typewriters with memories and correction facilities—have been attracting new buyers.

Industry analysts cite several reasons for the surge of demand. Mr. Stephen Dube, analyst for Goldman Sachs, the investment bankers, for example, pointed out that the steady decline of the price of computer equipment has been a key factor encouraging demand. It is generally estimated that prices for equipment of equivalent power have been falling by around 20 per cent a year.

Aoother factor has been the growing pressure on management to operate more efficiently and reduce costs. The service industry bas been particularly concerned about low labour productivity and inflating wage costs, and banks and insurance companies have been among the most vigorous costomers for new equipment. The emphasis is on new equipment which is opening up new applications for the computer and this is a key factor in the growth of demand.

Major companies such as IBM, American Telephone and Telegraph, Western Union and Xerox are now planning for what is seen as the next revolution in the application of the computer to industry, the office of the future. The concept will include facilities linking data-processing equipment within companies so that, for example, internal company letters will nnt have to go through the U.S. mail aystem but will simply be *transferred through private* lines linked with data processing equipment.

While this is some years ahead, it is estimated that the fully equipped office of the future will be operating within major corporationa by the middle of the next decade.

There is, however, no lack of new applications now and this is reassuring investors who were concerned about the treud in the industry towards the outright sale of equipment instead of leasing or renting. Outright sales improve cash flow and immediate profits and mean that a company does not get a future stream of revenue in a currency depreciated by inflation.

There bave been fears, however, that if carried too far this policy might mean that the companies were undermining future earnings prospects for the sake of current growth. Now, with both rental and outright sales revenues beginning to increase more rapidly at companies like IBM there is less anxiety on this point.

NORTH AMERICAN NEWS

Shearson buys estate broker

BY JOHN WYLES IN NEW YORK

SHEARSON HAYDEN STONE, one of tha top ten U.S. securities firms, is following industry leader, Merrill Lynch, with a diversification into real estate brokerage and finance.

Shearson has reached agreement on a $16.8m purchase of Western Pacific Financial Corporation, a mortgage hanking company based in Newport Beach, California.

The deal apparently has two major advantages for Shearson: diversification into mortgage finance through a company which currently eervices $1.7bn in mortgages, and expansion of the company's securities brokerage aervices into sreas where it currently has no representation.

Western Pacific has 27 offices in 15 western and south western states and the acquisition will olant the Shearson name for the first time in Georgia, Tennessee, Maryland, Virginia, Idaho, Nevada and Utah.

Conversely, Shearson should be able to offer residential mortgages through many of its 140 offices in the U.S. Shearson plans to allocate $5m of its $140m capital to developing Western Pacific activities. Tha company took its first small step into the real estate business last year with the purchase of a small Florida brokerage.

Merrill Lynch has so far been the pacemaker in Wall Street's expansion into the real estate business. It is negotiating to buy a number of brokerages around the country and last year bought a mortgage insurance company and two mortgage banking brokering and servicing businesses.

In its fiscal year ending last June 30, Western Pacific earned $1.8m or $1.81 per share and net profits in the half year ended December 31 were $1m up 12 per cent from tha year before.

Bell appeal on Saudi contract ruling

By Robert Gibbens in Montreal

BELL CANADA, the major Eastern Canada telecommunitions utility, will appeal direct to the federal government on the issue of whether profits from its Sandi Arabian contract should be included in its earnings for rate-setting.

Late last week the Canadian Radio-Television and Telecommunications Commission, the regulatory authority, refused to review an earlier decision that profits from the Sandi contract shonld he included. Bell has estimated that its profits from the five-year C$1.1bn (U.S.$935m) contract would result in total profits of C$165m. The contract was won jointly with European equipment firms for expansion of tha Saudi telecommunications system and was worth over $3bn.

Bell said its only course now is a direct Government appeal. It said the CRTC decision was "short-sighted and not in the best long-term interest of Canada." Inclusion of revenues from such foreign contracts for domestic rate-setting purposes would remove incentive for Bell seeking further foreign work.

$607m sale by Ashland Oil

BY DAVID LASCELLES IN NEW YORK

ASHLAND OIL, the large nil company which is selling off its oil and gas properties so as to concentrate on refining and marketing, announced further sales over the weekend totalling $607m.

Tenneco, the Houston-hased diversified energy company, is to join Mesa Petroleum of Amarillo, Texas, to buy Ashland's mid-continental oil and gas properties for a total $340m. These lie mainly in Oklahoma, Texas and Kansas, and are estimated to contain aboot 2m barrels of oil and 740bn cu ft of natural gas.

The other sale was to Getty Oil of Los Angeles, which is to buy interests in Asbland's properties in the Gulf of Mexico off Louisiana and Texas, plus various support facilities, for $267m. The properties are currently producing 6,500 harrels of oil a day and 25.6m cu ft of natural gas.

With the sale last week of its Rocky Mountain, Southeastern and Southwestern Properties to Petro Lewis for $121m, Ashland has so far rung up $728m from the sales. But there are still a number of properties to be sold, mainly on the East Coast, as well as Ashland's foreign oil and gas interests.

These include a 6.3 per cent interest in the North Sea's Brae Field and 5.4 per cent in Thistle, as well as properties in Indonesia, Nigeria and Sharjah.

Ashland thus looks set to surpass the $750m it said last month it had been bid for its oil and gas assets.

For Tenneco, the largest company yet to have figured in Ashland's sales, the move confirms its intention to develop domestic rather than foreign energy sources.

Although it too bas interests in the North Sea and elsewhere abroad, it bas stated that it believes domestic oil and gas exploration and production to he relatively more profitable. Last year the company spent $550m on oil and gas exploration and is expected to exceed that figure this year.

Getty Oil's domestic production bas levelled out in recent years, and its acquisition may be an attempt to reverse that trend, particularly with the prospect of a loosening of U.S. domestic oil price controls. Mesa Petroleum is mainly engaged in exploration and production in the Gulf area. It had been expected for some time to seek a home for its high cash flow.

MOTIVATION FOR SPLITTING STOCK

A base for public support

BY JOHN WYLES IN NEW YORK

IBM STARTED IT, Dnpont and Mobil also thought it a good idea and now many people are wondering if American Telephone and Telegraph will follow suit.

On average every year around 170 New York Stock Exchange listed companies imitate the action of the amoeba hy splitting their stock. The move, often accompanied by a dividend increase, has become so commonplace it often warrants no more than a footnote to a chairman's statement.

But the process gains some significance when three of America's largest corporations, whose stocks are major investment items, decide within a few weeks of each other to split their stocks and thus to lower their market qnotations and earnings-per-share figures.

Since IBM announced a four-for-one split (if you hold one IBM share you will receive three more) in the middle of December, first Dupont (three for one), and then Mobil (two for one) have taken similar initiatives. Several other companies have announced plans to split their stock, hut between these three important companies, at least, there appears to be a common thread.

Stocks

This is a desire to increase as much as possible ownership of their shares by private investors and thus to rednce, correspondingly, the proportion owned hy institutions. A widely held view on Wall Street is that IBM's move encouraged the proposed splits by Dupont and Mobil and may prompt a similar decision by AT and T, which has the largest number of private shareholders of any U.S. company, three million, and which might just worry about competition for shareholders' money.

Few people need reminding that all the stock market's glittering adjectives—glamour, blue chip, growth—apply to IBM, and that a move which slashes its market quote from 300-315 to 75-78 could make it a fierce rival for investors' attention.

The most common reason given for stock splitting is the desire to build a broader base of potential public support . . . AT and T's three million shareholders have long been thought an asset in fighting a protracted anti-trust suit and dealing with federal authorities

This almost certainly appears to be one of IBM's main objectives. Since 1954, the computer giant has split its stock nine times, hut the two-for-one division in 1968 was hitherto the largest split, and the stock has been left untouched since 1973.

But while IBM has been trading as low as 150.5 and as high as 316.25 in the last five years, the price of the average share traded on the NYSE has dropped from $33.90 to below $30. The higber the price the less likely it is to be held hy a significant number of private investors and the more it will he held by large institutions.

Why, then, should IBM want more than the half a million private shareholders that currently own its stock?

The most common answer, and one implicitly supported by Mr. Frank Cary, the company's chairman, in a recent interview, is a desire to build a broader base of potential public support. IBM is atill fighting a 10-year old government anti-trust suit, domestic competition is fiercer than ever, and its move into electronic communications brings with it the possibility of government regulation of some of its activities.

AT and T has been living with similar prohlems for many yeara, but its 3m private shareholders have long been thought an asset in fighting a similarly protracted anti-trust sult and dealing with federal regulators.

Some analysts helieve that another important factor for IBM is that, in 1978, its earnings per share climbed over $21 and, says Mr. Harry Edelson of Drexel, Burnham, Lambert, "in this age of consumerism it can be embarrassing to report high earnings per share figures."

Dupont was possibly reaching a similar problem after a 46 per cent climb in net earnings to $16.15 per share.

Mobil, which says its principal motivation of its two-for-one split, was "to attract more individual shareholders," saw its earnings per sbare move into double digits for the first time last year.

A stock split accompanied by a dividend increase more often than not increases a company's market capitalisation for a period after the announcement.

In IBM'a case, with or without a dividend increase, the company's stock has always risen on the day the split was announced, and in eight of the last nine splits it has gained in the four- or five-mooth period between the announcement and when the ssplit becomes effective. On the week after it announced the latest split IBM'a stock gained 20 points.

By raising its dividend IBM has increased the yield on its stock from about 3.7 per cent to 4.3 per ceot, which is less than the 5per cent madian yield on all dividend paying stocks.

While its attractions to the private iovestor should rest mainly on growth potential, it may be that IBM, Dupont Mobil, and equities in general, could also benefit from a more general revival of equity investment, which a cut in capital gains taxes passed by the congress last year is hoped to achieve.

In its last survey of stockholders the NYSE found that in absolute terms the number of individuals owning equities bad fallen 18 per cent to 25.2m. Nevertheless, although institutions tend to dominate trading volume individuals in 1975 owned hetween 53.4 and 66.9 per cent of all stock.

The iodividual share of total ownership bas been declining since then, but not as severely as is commonly supposed. Indeed, Salomon Brothers estimate that households purchased $600m more equities last year than they sold, the first net increase io many years.

Thus the opportunity may be greater now than in many years for compenies to capture more individual investors, a fact which may not have escaped the hoard of AT and T, which meets this month.

EUROBONDS

New dollar issues top $1bn mark

By Francis Ghilès

THE $100m hond offering for the Canadian Export Development Corporation (EDC) announced yesterday, and the $75m issue expected for the Province of Manitoba tomorrow, will bring the volume of new dollar denominated issues currently on offer to over $1bn, easily the highest figure since early 1977.

The EDC issue, which is being led by Credit Suisse First Boston, is being fully underwritten by the management group, which includes six other hanks. Terms of this bullet issue, which are final, include a coupon of 9¼ for five years and a price of 99½. The bonds will yield 9.38 per cent.

The $75m 10 year bullet for the Province of Manitoba, which haa been pre-underwritten, includes a coupon of 9½ per cent. The pricing of the issue will take place tomorow and could be 99½ or par depending on market conditions. Lead manager is Wood Gundy.

In the secondary market prices of dollar denominated issue were ¼ to ½ of a point easier: this mark-down by professional traders was not the result of any selling pressure due to the dollar's weakness yesterday but more a psychological reaction to the very quick build-up of the new issue calendar over the past 10 days.

In the French Franc sector, the coupon on the FFr 200m issue for the Kingdom of Norway was cut by ¼ to 9¼ per cent and the bonds were priced at par by the lead manager, Société Générale. The issue was more than three times oversubscribed and an estimated three-quarters placed outside France; it waa especially popular with the Japanese. It is the first time since this sector of the market reopened last September that such a large percentage of an isue has been placed outside France.

Such internationalisation has heen the aim of the French Treasury all along. Caution still prevails, however, and the gentlemen's agreement reached between the Treasury and the French banks last September remains in force: in particular, no single issue may top the FFr 200m mark.

In the Deutschemark sector, prices in the secondary market were unchanged in thin trading. Westdeutsche Landesbank is expected to announce a DM 100m issue for an unknown address, tomorrow.

In the Yankee bond market, the European Investment Bank has filed with the Securities and Exchange Commission for an offering of $250m of notes. This bond will carry two tranches: a $100m bullet seven-year tranche and a $150m 20-year tranche with an average life of just over 15 years. The four joint lead managers are First Boston Corporation, Merrill Lynch White Weld Capital Markets Group, Lehman Brothers Kuhn Loeb and Lazard Freres.

RESULTS IN BRIEF

GATX moves into profit

NEW YORK—Railway wagon manufacturer GATX Corporation experienced a turnround from a loss to a profit in 1978, showing net income of $61.92m or $4.84 a share against a loss in 1977 of $3.61m or 42 cents a share. Last year's results were helped by a gain of $11.34m from the sale of the Lasalle Bank Building.

An upturn in net earnings per share was reported hy the paper prodncts company Great Northern Nekoosa, with earninga np from $3.84 to $4.23. The savings and loan association First Charter Financial Corporation advanced from $3.27 to $3.55, utility New England Electric System moved ahead from $2.51 to $3.21, and Western Electric, a subsidiary of American Telephone and Telegrapb, saw net income rise from $490.08m to $561.2m.

St. Joe Minerals Corporation experienced a sharp setback in 1978, with earnings dropping from $3.03 to $1.95.

For the first six months of the current financial year, electrical goods maker Avnet Incorporated advanced from $1.18 to $1.43, engines and locks manufacturer Briggs and Stratton moved up from $1.06 to $1.49, and consumer electricals concern Tandy Brands edged up from 92 cents to 97 cents. Electronic Data Systems lifted earnings from 71 cents to 87 cents.

For the first quarter, ARA Services, the vending and food services company, reported an increase from $1.31 to $1.50.

Macke, which operates in the vending and huilding maintenance fields, managed to push np its income per share from 37 cents to 45 cents over the first three months.

Agencies

USI Europe sold to Exxon

NEW YORK — National Distillers and Chemical Corporation bas agreed in principle to sell its European low-density polyethylene operations to Exxon Chemicals, a division of Exxon Corporation.

The sale is expected to be completed by April 30. Cash proceeds after tax are estimated at $39m.

The transaction calls for about $44m to he paid in cash principally for the capital stock of USI Europe NV.

The transaction also will rednce National's consolidated debt by $48m.

AP-DJ

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on February 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
ASK Aust. 9½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 8.45 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 9½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 9½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 8½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 9½ 84-99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 9 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 9½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9½ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadair 9½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dominion Bridge 9 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dv. Cpn. 9.65 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eksportfinans 9 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 8½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 9 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hospital O/S 9 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind Finance 9½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. C. Penney 9½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NZ Dev. Fin. 9½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NZ Dev. Fin. 9½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. 9 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newfoundland 9½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 9½ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norsk Hydro 9½ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 7½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 9½ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 9½ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ont. Hydro 8½ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 9½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 9½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UK 8½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UK 9½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 6½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Argentina 6½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 5½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bankamerica 5½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. Ext. Algerie 7½ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 7½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 4¾ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ch. Manhtn. O/S 5¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank WW 3½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank XW 3½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen City 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Europe 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Europe 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 5½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 6½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 6½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Ship 5½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBJ 5 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indonesia 7 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobe, City of 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Petro. 5½ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Steel 5½ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 5½ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 6½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 4½ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norwegian Ind. Bk. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 6½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petroleo Brazil 7 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PK Banken 5½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UDS Group 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bank Finn 6¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Venezuela 6½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 6½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amer. Exp. Int. 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Arlberg Tunnel 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 3½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 4½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chase Manhattan 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Europe 4½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 4½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Mortgage 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 3¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 4½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oy Nokia 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sandvik 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vorarlberg Kraft 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 6.4 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 6.3 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Auto Cote 8, 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Komm. Inst. 7½ 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Panama 8½ 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR France 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 7½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE Mexico 7½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7½ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Neder. Midd. 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6½ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6½ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elf Aquitaine 9½ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9½ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PSA Peugeot 9½ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever 10 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beyer Lux. 8 86 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7½ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland I. 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 7½ 83 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Km. 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault 7½ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay Fin. 8 85 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Bk. 8 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bk. M6.5 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFG Fin. Co. M5.5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bco. El Salvador M8 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bco. Nac. Argnt. M6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Handlowy M6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo M5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banque Worms M5¼ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. Ext. d'Alg. M8.375 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. E. d'Alg. M7.5 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. Indo et Suez M5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. I. Afr. Occ. M6.5 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE M5.25 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ch. Man. O/S M5¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National M5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gotabanken M8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bk. Japan M5¼ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan M5¼ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. M5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. M5½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nipp. Crdt. Bk. M5.5 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB M5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Offshore Mining 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petro Mexicano 7½ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privredna Banka M8 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chrt. M5.5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sundsvallsbankn. M6 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Baker Int. Fin. 5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coca-Cola Bottling 6½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ito-Yokado 5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Novo Industri 7 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Int. Air. 7½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn Int. Fin. 7 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tyco Int. Fin. 8½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tyco Int. Fin. 5 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Casio Co. 3½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Izumiya 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Elec. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konishiroku 3½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marudai Food 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata M. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nipp. Air. 3.5 88 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Shinpan 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Yen. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nissan Diesel 3½ 88 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Olymp. O. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Seiyu Strs. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Co. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stanley Elec. 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. 3½ 87 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trio-Kenwd. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Retailers turn in higher sales

CHICAGO — Most major U.S. retailers posted strong sales gains in January compared with the year-ago month when bitter winter weather over mnch of the country weakened sales.

Double-digit increases were posted by four of the nation's five major retail chains, with K Mart Corporation's 20 per cent gain leading the way. Sears, Roebnck, the nation's largest retailer of general merchandise, once again was the exception as sales dropped 2.8 per cent from January 1978, the final month of the fiscal year for most retailers. It was the fifth consecutive month Sear's sales have dropped from year-earlier figures.

AP-DJ

Banco Brascan moves ahead

TORONTO — Brascan said earnings for Banco Brascan, its hanking subsidiary in Brazil, totalled Cr84m (around $4m) in 1978, compared with Cr72m the previous year.

Reuter

AMERICAN QUARTERLIES

H. F. AHMANSON

Fourth quarter	1978 $	1977 $
Revenue	270.3m	228.9m
Net profits	29.65m	29.05m
Net per share	1.30	1.28
Year		
Revenue	1.02bn	864.7m
Net profits	117.44m	103.59m
Net per share	5.13	4.55

NORTHWEST INDUSTRIES

Fourth quarter	1978 $	1977 $
Revenue	597.4m	530.2m
Net profits	41.00m	37.95m
Net per share	1.34	1.26
Year		
Revenue	2.36bn	1.88bn
Net profits	150.5m	129.36m
Net per share	4.90	4.20

ALLIS-CHALMERS

Fourth quarter	1978 $	1977 $
Revenue	492.8m	369.1m
Net profits	17.00m	13.11m
Net per share	1.34	1.06
Year		
Revenue	1.76bn	1.54bn
Net profits	76.02m	67.00m
Net per share	6.18	5.52

RUBBERMAID

Fourth quarter	1978 $	1977 $
Revenue	67.3m	58.2m
Net profits	5.39m	4.51m
Net per share	0.69	0.58
Year		
Revenue	258.3m	226.5m
Net profits	18.98m	16.89m
Net per share	2.45	2.19

BORDEN

Fourth quarter	1978 $	1977 $
Revenue	999m	890m
Net profits	32.94m	28.52m
Net per share	1.04	0.88
Year		
Revenue	3.80bn	3.48bn
Net profits	135.8m	126.9m
Net per share	4.13	3.89

SOUTHERN COMPANY

Fourth quarter	1978 $	1977 $
Revenue	658.8m	624.7m
Net profits	35.8m	40.3m
Net per share	0.25	0.30
Year		
Revenue	2.9bn	2.7bn
Net profits	207.6m	245.1m
Net per share	1.45	1.55

BRANIFF INTERNATIONAL

Fourth quarter	1978 $	1977 $
Revenue	260.9m	216.9m
Net profits	10.1m	12.0m
Net per share	0.51	0.60
Year		
Revenue	972.1m	791.2m
Net profits	45.2m	36.7m
Net per share	2.26	1.83

STANDARD BRANDS

Fourth quarter	1978 $	1977 $
Revenue	669.2m	618.6m
Net profits	23.42m	20.64m
Net per share	0.82	0.73
Year		
Revenue	2.4bn	2.1bn
Net profits	75.80m	69.55m
Net per share	2.68	2.44

BRUNSWICK CORPORATION

Fourth quarter	1978 $	1977 $
Revenue	302.8m	256.7m
Net profits	10.02m	9.19m
Net per share	0.46	0.46
Year		
Revenue	1.13bn	1.00bn
Net profits	45.86m	36.92m
Net per share	2.30	1.86

TEXAS INSTRUMENTS

Fourth quarter	1978 $	1977 $
Revenue	733.2m	574.8m
Net profits	39.81m	32.13m
Net per share	1.74	1.41
Year		
Revenue	2.55bn	2.05bn
Net profits	140.28m	116.64m
Net per share	6.15	5.11

IMASCO

Third quarter	1978 $	1977 $
Revenue	—	—
Net profits	16.14m	14.62m
Net per share	1.62	1.50
Nine months		
Revenue	1.2bn	825.6m
Net profits	42.07m	32.36m
Net per share	4.23	3.32

UNITED BRANDS

Second quarter	1978 $	1977 $
Revenue	831.4m	614.5m
Net profits	700,000	†5.65m
Net per share	0.02	†0.57
Six months		
Revenue	1.62bn	1.19bn
Net profits	200,000	†7.05m
Net per share	0.08	†0.75

†Loss

KNIGHT-RIDDER NEWSPAPERS

Fourth quarter	1978 $	1977 $
Revenue	242.8m	210.4m
Net profits	23.02m	19.44m
Net per share	0.70	0.60
Year		
Revenue	878.9m	751.7m
Net profits	76.76m	61.18m
Net per share	2.34	1.88

WHEELABRATOR-FRYE

Fourth quarter	1978 $	1977 $
Revenue	188.5m	126.8m
Net profits	5.13m	6.93m
Net per share	0.93	0.85
Year		
Revenue	613.1m	482.1m
Net profits	31.5m	22.9m
Net per share	3.26	2.78

LONE STAR INDUSTRIES

Fourth quarter	1978 $	1977 $
Revenue	295.7m	241.0m
Net profits	12.5m	7.94m
Net per share	1.11	0.71
Year		
Revenue	1.1bn	861.3m
Net profits	45.4m	28.7m
Net per share	4.02	2.88

WINN'S STORES

Fourth quarter	1978 $	1977 $
Revenue	24.5m	22.7m
Net profits	2.53m	2.11m
Net per share	2.00	1.66
Year		
Revenue	73.1m	66.2m
Net profits	4.91m	4.30m
Net per share	3.80	3.16

INTL. COMPANIES and FINANCE

VOLVO AND SAAB

The old rivalry reaches a new pitch

BY WILLIAM DULLFORCE IN STOCKHOLM

THE RIVALRY between Volvo and Saab-Scania, the two Swedish car and truck makers, has reached a new pitch after the breakdown of the Volvo Board's effort to sell 40 per cent of its company to Norway for Skr 950m ($218m).

Last week Saab-Scania announced a 55 per cent profit increase for 1978, a Skr1 a share dividend rise and a one-for-four Skr 131m rights issue at par. Added to the package was a one-for-four scrip issue and a stock split reducing the nominal share value from Skr 100 to Skr 50 each.

This compares with the 45 per cent profit improvement for 1978 and the unchanged dividend announced previously by Volvo. Saab-Scania beat Volvo to the market for its new share capital and the terms of its new issue and the stock split (putting the Saab-Scania shares onto the same nominal Skr 50 as the Volvo shares) have led to speculation on the Stockholm stock market that Saab-Scania is thinking of a takeover bid in the long run, if not immediately.

At the week-end Saab-Scania made another aggressive move when the Scania truck division announced that it would start assembling its trucks and buses in Morocco. Volvo already has an assembly plant there. Scania's action looks suspiciously like retaliation for Volvo's move into truck essembly in Brazil, where the Scania assembly plant has been running well below capacity.

The background to the infismed situation between the two Swedish groups is the merger which aborted in 1977 amid mutual recrimination and the widespread belief, to which Volvo's managing director Mr. Pehr Gyllenhammar, has indicated he subscribes, that Saab-Scania's chairman, Dr. Marcus Wallenberg played a key role in organising the shareholder resistance to Volvo's Norway deal. In fact, there has been no evidence that Dr. Wallenberg stage-managed the shareholders' revolt, although he did speak out against the deal

Stockholm stockbrokers yesterday noted the change in the two companies' share prices since the failed merger of 1977. Then, Volvo shareholders were offered two Saab-Scania shares and a SKr 40 convertible bond for three Volvo shares. At current prices this would work out at SKr 456 or SKr 152 per share against a current Volvo share price of SKr 79.50. The stockbrokers' conclusion is that Saab-Scania could now acquire Volvo considerably more cheaply than in 1977.

Following the breakdown of the Volvo/Norway talks, attention has focused on Volvo's depressed stock market rating and the failed merger with Saab-Scania. In 1977 a proposed deal between the two companies valued Volvo shares at SKr 152 each compared with a present stock market value of SKr 79.50

The situation is not, however, ripe for any such bid. The political passions aroused within the Swedish left-wing parties and trade unions by the shareholders' revolt against Volvo's Norway deal would make any such move by Dr. Wallenberg and Saab-Scania imprudent in the near future. Both Mr. Gyllenhammar and Mr. Sten Gustafsson, Saab-Scania's managing director, rejected the thought of a merger last week. But Saab-Scania is clearly displaying its muscle.

Mr. Gylenhammar is scheduled to visit some of his institutional shareholders this week to discuss ways of meeting Volvo's capital needs after the collapse of the Norwegian agreement which would have brought in SKr 750m in new share capital. It would be difficult for Volvo to emulate Saab-Scania by making a new rights issue. It could not ask shereholders for more than SKr 60 a share.

Institutional shereholders and stockbrokers are more interested in the possibility of a package of index-linked shares and debentures of the kind suggested by the Langenskioeld stockbroking house. Mr. Thomas Fischer of Langenskioeld estimates that Volvo could raise as much as SKr 380m in this way.

Saab-Scania is setting up its Moroccan truck and bus assembly plant together with a local company Cogespar SA, which will have a two-thirds interest in the joint venture. Scania will put in SKr 6m as its part of the share capital and hopes to start assembling between 300 and 400 vehicles e year in Morocco from autumn, 1980.

The Moroccan market absorbs about 2,000 heavy trucks and 300-400 buses a year. The main suppliers at present are Volvo and Renault with DAF holding a very small share of the market.

Finnish steelmakers to merge

By Lance Keyworth in Helsinki

THREE Finnish companies plan to merge their steel interests to create a company of 5,000 employees with an annual turnover of FM 1bn ($127m) including FM 400m in exports.

The three companies are Ovako Oy, Oy Wartsila AB and Oy Fiskars AB. Of combined iron and steel turnover Ovako accounted for FM 730m. The entire Ovako group, itself created by a merger, will join the new company when merger terms are finalised. Ovako makes long products and wire rod. The Wartsila unit is the Dahlsbruk steel works with which Ovako already has a marketing agreement. The third member will be four factories from Fiskars which produce nails, wire and steel castings.

● After two years of restraint, Oy Nokia plans to make investments totalling FM 180m ($45m) in the current year. The company's preliminary report for 1978 is optimistic about the prospects in the year ahead

Andresens' setback knocks stock market

BY FAY GJESTER IN NORWAY

NEWS THAT Andresens Bank, Norway's fourth largest commercial bank, would be paying no dividend for 1978, came es a shock to many investors. The bank has paid around 10 per cent yearly since it was enlarged, in 1966, by its merger with Folkebanken - Realbanken. The Oslo Stock Exchange has reacted with a share price setback of around a tenth.

Market observers hed long been aware that the bank was facing problems following considerable losses on a number of engagements, particularly shipping. It has traditionally been a large lender to the shipping sector. It was, in fact, the flood of rumours about its difficulties that led Andresens to release information on its 1978 results earlier than usual—" to prevent speculation," the bank said. Normally, the bank publishes its annual results in mid-February.

Andresens' last published interim report, for the first eight months of 1978, gave little indication of the bank's problems. On the contrary, the interim statement reported pre-tax profits 21.6 per cent up on the same period a year earlier. No mention was made of losses that would have to be written off.

At the same time, however, the financial difficulties of Norinvest, a finance company in which Andresens was heavily involved lay at the centre of stock market speculation. Though only a 10.5 per cent shareholder in Norinvest itself, Andresens had a 45 per cent shareholding in Norsk Kausjon, one of four insurance companies belonging to a pool

To save Norinvest from bankruptcy, Andresens had to put up nearly a quarter of the NKr 68m needed to permit its controlled liquidation. In addition, Norsk Kausjon had to agree to shoulder on its own the guarantee of responsibility formerly shared with the three other companies in the pool.

In last week's announcement, Andresens said that the crisis in shipping, and the difficult economic conditions in Norwegian business and industry generally, had obliged it to make extraordinarily large loss write-offs last year—NKr 66m ($13m) in all. This represented a full year's pre-tax profit at the bank. Andresens gave no details about how the losses were distributed among its numerous investments, but Norinvest probably accounted for about NKr 21m of the total.

Other substantial write-offs concerned Andresens' involvement with the Waage shipping company, with a couple of heavy engineering firms (Strommens Verksted and Stromment Staal) and with a shipyard, Ankerlokken.

Under more normal conditions, Andresens' statement would conceivably have led to shareholder selling. However, the Norwegian market in bank shares is not "normal" at the moment because of the bank "democratisation" law that took effect from January 1, 1978. This law gives shareholders in banks the right to sell their shares to the state before the end of 1980. An impartial commission is currently setting the official price for the shares of Norway's 26 commercial banks, based on the value of each bank's shares during the years 1975 to 1977.

Phoenix ends mass market link

BY GUY HAWTIN IN FRANKFURT

PHOENIX-GUMMIWERKE, West Germany's second largest tyre manufacturer, is pulling out of the mass-tyre merket. It is to concentrate on producing technical products for the motor manufacturers aod industrial products.

The decision is one that has, more or less, been forced on the group by increased competition from imported tyres from low wage cost countries in its domestic market. Phoenix-Gummi has not been alone in feeling the draught from abroad—both of its main competitors, Continental-Gummi and Metzeler, have also been under pressure.

In the hackground to the painful decision lies the failed merger attempt between Phoenix-Gummi and Conti-Gummi proposed last year. Mergers between the two conceros had long been discussed and, although such a move had all the elements of a shot-gun wedding as opposed to a love-match, the weak state of the tyre market seemed to indicate thet a link-up between the two groups was not merely desireble bnt well overdue.

According to the Phoenix-Gummi management tyre sales this year will contribute between 10 to 12 per cent of total turnover compared with last year's well over 20 per cent. In 1978 the parent concern's total sales fell back by 8 per cent to DM 486m ($260.4m), largely as a result of poor performance in the tyre sector.

Among the things the group is to specialise in is tyres for commercial vehicles where its "bard-earned" know-how should yield dividends. In doing so it will rednce its tyre output to between 2,000 and 3,000 units per day—a measure wbich, compared with 1975 figures, will reduce turnover by some DM 150m a year.

Although tbe measures to put the company hack on a sound footing will yield henefits for the future, the immediate prospects include beavy overheads stemming from cuts in staff and plaot. The group's management bas not yet publically quantified these.

Therefore, shareholders, who have received nothing since a nominal 5 per cent dividend in 1975, should not huild up too many bopes for 1979. However, the management believes that the new productioo programme is heavily "profit orientated" and no longer endangered by pressure from imports. Current order levels indicate that sales should move upwards and hopes are that the group will see 1979's figures once more in the olack.

The 1978 earnings figures have still to be pnblished. But, with the new production programme in operation, they should not prove much of a guide to 1979's performance. There is still much ground to be made up.

Upturn in sales for Flachglas

By Our Frankfurt Correspondent

FLACHGLAS, the major West German glass maker, has reported "satisfactory" progress in 1978 despite the continned recession in demand from the construction indnstry. Sales were up largely thanks to high demand from the motor industry.

A shareholders' note stated the cash turnover increased from DM 735m in 1977 to last year's DM 765m ($406.1m)—a rise of 4 per cent. Despite the strong increase in the valne of the D-mark against the dollar, exports as a proportion of sales rose from 1977's 16.3 pcr cent to 17.8 per eent.

Despite indications of an upturn in the construction sector, deliveries to the building industry dnring the year fell back by 10 per cent, although targets were met in the building renovations sector. For the third year in a row demand from the motor industry continned at a very high level.

Further rationalisation, coupled with an increase in sales of high valne products, led, once again, to satisfactory operating profits.

Capital investment in 1978 amounted to DM 140m compared with DM 55m in 1977. During the course of 1979, the concern is to step np its activities in Brazil through its 50 per cent-owned subsidiaries operating in the window glass and safety glass sectors.

● Degussa, the Frankfurt-based metals and chemicals concern, is recommending a dividend of 17 per cent, unchanged from 1976-77. The group's supervisory board is to put the year's proposed payout to the annual meeting to be held herc on April 6.

Swiss move on negative interest rates

DEPOSITS of proceeds from thc sale of Swiss securities hy non-residents will he subject to an annual 40 per cent negstive interest rale begioning next March 1, according to the Swiss National Bank, AP-DJ reports from Zurich.

A spokesman described this as "just a technical measure" in connection with last week's withdrawal of the investment ban for non-residents. Since January 1975 all Swiss-franc deposits hy non-residents have been suhject to the negative interest which is designed to prevent the inflow of speculative funds that has strengthened the franc.

Volume of Euromarket close to $800bn

BY OUR EUROMARKETS STAFF

THE SIZE of the Enrocurrency markets on a gross basis reached nearly $800hn by the end of September, 1978—a rise of almost $150bn, or 23 per cent from one year earlier, according to latest estimales from Morgan Gusranty Trust Co. This expansion is about the same as the average annual rate of growth since the end of 1973, the hank reports.

The net size of the market had reached about $450bn hy last September, an increase of some 25 per cent.

The definition of the gross size of the market is a representation of the total foreign currency liahilities on the books of banks in major market centres. In measuring the net size part of the interbank deposits in the market are netted out of the gross, in order to eliminate the donble counting that results wben the same funds move from one bank within the Eurocurrency market to another.

Morgan Guaranty noles that a large portion of Euromarket volume has a counterpart which is already counted in some countries' domestic money supplies. Thus, there is an extensive overlap hetween net Eurocurrency liabilities and domestic monetary aggregates.

EUROPARTNERS SECURITIES

Joining Wall Street's most select club

BY JOHN EVANS

EUROPARTNERS Securities Corporation, e joiot venture of some major European banks, has just succeeded in joining what foreigners bave regarded as the most exclusive clnb on Wall Street. It has become the first U.S. securities firm owned by foreign banks to become a member of the big board.

The firm acknowledges that "qulte significant" economies will he made as a result of NYSE membership. In addition, it will become a member af the exchange's clearance system, the Securities Clearing Corporation, which should result in savings in its back office operations.

While EuroPartners is primarily interested in geining access to the common stock side of the NYSE husiness, membership should also aid its expansion into other forms of U.S. equity business, including the embryonic options markets.

EuroPartners itself, as well as the New York brokerage establishment, will no doubt be counting np the costs of this breakthrough into the inner bastions of the U.S. securities industry.

EuroPartners indicates that the cost of its seat is "near the recent floor price"—generally regsrded to be around $70,000 in the lsst year or so. In contrast, a seat back in 1968 commanded up to $500,000.

EuroPartners' shareholders are Commerzbank, Credit Lyonnais, Banco di Roma, Bank Leu of Switzerland, and Nordic Bank Ltd., the latter heing the London-hased consortium bank which groups several Scandinavian banks. The firm is the main route through which these banks funnel their U.S. investment business intn New York, both on their own account and that of their customers.

The institutiooal and investment trust business these banks administer means that EuroPartners sees large amounts of overseas investment business in the American markets. The firm is reluctant to comment on the exact volumes involved, but clearly volume is substantial.

The importance of such business can he gauged by the experience of the regional U.S. exchanges. For instance, up to 50 per cent of the volume on the Boston Exchange is reckoned at times to be generated by foreign interest.

EuroPartners' move is the latest in a whole series of events which have opened up the U.S. securities industry in recent years for foreign banks aod brokers.

The first securities brokerage and investment banking firms owned by foreign banks were established in the U.S. in the 1960's, and become active members of the regional exchanges, such as the Philadelphia, Boston, Midwest, and Pacific markets.

In 1975, Congress passed the Securities Reform Act which included provision that U.S. Securities Exchanges must accept as members any qualified U.S. broker or dealer firm including firms owned and controlled by foreign organisations.

The NYSE's action in approving for the first time the membership application of a foreign-owned securitiea firm is the first practical outcome of the act.

AUSTRALIAN NEWS

First-half profits increase for Commercial Banking

BY JAMES FORTH IN SIDNEY

THE COMMERCIAL Banking Company of Sydney earned more in the first six months than it has previonsly earned in any full year. Profit for the period jumped from A$1.23m to A$11.5m ($US13.1m). This compares with earnings of A$7.18m in 1977-78 and the previous record of A$10.75m achieved in 1974.

The directors have raised CBC's interim dividend from 6.5 cents a share to 7.5 cents, indicating an increase in the 13 cents paid last year. The main improvement was achieved in CBC's banking operations, although the group also benefitted from a return to profit by the finance company subsidiary, Commercial and General Acceptance.

Banking profits doubled from A$5.52m to A$10.9m, which CBC attributed to a number of factors, including increased revenue from an improved assets structure, continuing close control of costs, improved systems for cheque clearance and a lower average level of statutory deposits lodged with the reserve bank.

Rothmans boosts Australian earnings despite duty rise

BY OUR SYDNEY CORRESPONDENT

ROTHMANS of Pall Mall (Australia) overcame increased excise duties on tobacco and spirits to register a 43 per cent gain in profit, from A$2.69m to A$3.9m (U.S.$4.4m), in the December half year. Moreover, the company eaid it was confident that the result for the full year would show a material improvement.

The interim dividend is being maintained at 10 cents a share. Group turnover for the period rose by 27 per cent from A$162m to A$206m. Rothmans pointed out that the total tobacco market declined in the December half, as a result of severe increases last August in excise duty. The decline was more notable in the second quarter although there was evidence of recovery by the end of the period.

Despite the downturn and vigorous competition, Rothmans' sales rose both in terms of valne and volume, indicating an increasing penetration of the market.

Six months upturn at Brambles

BY OUR SYDNEY CORRESPONDENT

BRAMBLES INDUSTRIES the major Australian transport and materials handling group, boosted earnings by 16 per cent from A$5.9m to A$6.9m (U.S.$7.8m) in the December half-year, despite increased operating costs and continued industrial unrest in many industries serviced by the group.

The result was achieved on an increase of almost 13 per cent in sales from $A105m to A$118.5m.

The company eaid there was room for optimism with gradual improving trends being indicated during the six months, resulting in increased utilisation of equipment. The group was now starting to benefit from the restructuring of the transport and industrial services operations of Brambles.

Israel Discount Bank Limited

Head Office: Tel-Aviv

Condensed Consolidated* Balance Sheet as at 31st December, 1978

ASSETS	£ Sterling
Cash and due from Banks	1,295,339,000
Israel Government obligations	41,157,000
U.S. Government and U.S. Agencies obligations	15,252,000
Other Securities	159,937,000
Deposits with and loans to Government	551,236,000
Loans, Bills discounted and other accounts	499,169,000
Loans in connection with deposits for loan purposes	373,328,000
Bank premises, other property and equipment	15,986,000
Customers Liabilities	157,222,000
	£3,108,626,000
LIABILITIES	
Capital, Reserves and Capital Notes including Minority Interest	67,813,000
Convertible Debentures issued by Subsidiary Company	1,799,000
Deposits (demand, time and savings accounts)	2,082,801,000
Government, Banks and other Deposits for loan purposes	545,684,000
Other Accounts	39,265,000
Debentures issued by subsidiary	214,042,000
Liabilities on account of customers	157,222,000
	£3,108,626,000

£ Sterling = I£38.6577

**Including the Balance Sheets of Barclays Discount Bank Ltd, The Mercantile Bank of Israel Ltd, The Israel Development and Mortgage Bank Ltd, Industrial Finance Bank, Discount Bank (Latin America), Montevideo and Israel Discount Trust Company, New York.*

Total number of Branches: 240

U.K. Representative Office: 89 Duke Street, London W.1.

Japan in record foreign lending

Japanese financial institutions made a record $15bn in medium- and long-term loans to foreigners in 1978, about 3½ times the previous year's level, Japanese financial sources said.

Lending in Eurocurrencies amounted to more than $11bn, about triple the 1977 total. Loans in yen totalled nearly $4bn, a five-fold increase.

The sharp increase resulted from stepped-up overseas lending by Japanese commercial banks seeking to expand international business and from easing of controls on such loans in mid-1977.

Japan's overseas lending fell sharply after the oil crisis of 1973 amid international credit unrest, with the Finance Ministry imposing controls on Japanese banks.
AP-DJ

Upturn in Japanese results

TOKYO—Banks and brokerage houses headed the list of major Japanese businesses closing their accounts at the end of last September and reporting an average doble-digit gain on their taxable income, the National Tax Administration agency announced.

The announcement was based on tax returns filed by 272 companies in 20 industries closing their books annually on September 30 and 177 others in 10 industries whose half-year accounts ended then.

The first group reported a combined total income of Y577bn, up by 13.4 per cent over the previous year, and the second group Y805.3bn, up by 15 per cent over the prior six-month period, the agency said.
AP-DJ

IDB dividend unchanged

By L. Daniel in Tel Aviv

ISRAEL'S Discount Bank, the country's third largest bank, will pay an unchanged cash dividend for 1978 of 30 per cent and also plans a 3-for-10 scrip issue.

Total consolidated net income of the bank in 1978 —including its subsidiaries, Barclays Discount, the Mercantile Bank of Israel, the Israel Development and Mortgage Bank, the Industrial Finance Bank, the Discount Bank (Latin America), Montevideo and Israel Discount Trust Company, New York— came to I£421m ($24m), compared with I£257m a year earlier.

SOUTH AFRICAN NEWS

Highveld Steel reverses decline in performance

BY JIM JONES IN JOHANNESBURG

HIGHER STEEL export prices, improved export demand for manganese and silicon ferro-alloys, and the first-time consolidation of ferro-silicon producer Rand Carbide have reversed last year's profit downturn of Highveld Steel and Vanadium Corporation.

In the six months to December 31, group turnover was R120.9m, a 54 per cent increase over the comparable period of 1977. Attributable profit grew by 27 per cent to R12.5m ($14.4m).

But the going has not all been easy for Highveld. Rand Carbide contributed 13 per cent of earnings, meaning that first balf earnlogs of Highveld's other operations were only 10.9 per cent ahead of 1977.

Despite growing potential markets for oil pipelines in Mexico, Canada and the Soviet Union, Highveld's vanadium division is still suffering from world-wide vanadium production over-capacity.

Coastal fishing limit improves turnover at Irvin and Johnson

BY OUR JOHANNESBURG CORRESPONDENT

IMPLEMENTATION OF a 200-mile fishing limit around South Africa's coast 15 months ago is starting to improve performances of the country's fishing companies. This is one indication of the results for the six months to December 31, 1978, of fish and frozen food manufacturer Irvin and Johnson (I and J), the 57 per cent owned Anglovaal group subsidiary.

Group turnover for the period rose to R80.3m (U.S.$92.3m) compared with R75.1m for the comparable period of 1977. This took place in a climate of intense competition in the processed food market. With few foreign trawlers now operating within 200 miles of South Africa, I and J's trawlers increased their catch.

Rstionalisation of I and J's food processing division is starting to make itself felt. Attributable first half earnings have more than doubled to R2.68m (R1.33m in 1977-78) and management expects second half earnings to at least match those of the first half.

Modest comeback staged by Folex

By Wong Sulong in Kuala Lumpur

AFTER SEVERAL years of huge losses, Folex Industries Berhad, the second biggest textile company on the Kuala Lumpur exchange, has managed to make a modest profit for the year ending last August.

Operating profit, before tax and extraordinary items, was 858,000 ringgits ($390,000), compared with a loss of 3.27m ringgits the year before.

Total sales rose by 26 per cent to 35m ringgits, with the second half particularly favourable, both in terms of sales and profits.

Chairman Chan Tak Cheung said that profitability was expected to be maintained, but added that the company's problems were far from over. Because of accumulated losses amounting to over 30m ringgits, Folex has no choice but to submit to schemes of reconstruction arranged by its creditors.

Details of the reconstruction would be disclosed at a general meeting to be called, but the aim is to improve its net asset value and the debt to equity ratio.

CURRENCIES, MONEY and GOLD

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on February 5, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	88.00
Albania	Lek	10.075
Algeria	Dinar	7.817
Andora	French Franc	8.5225
	Spanish Peseta	138.45
Angola	Kwanza	n.a.

*That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports $3.56. § Based on cross rates against Russian rouble. ** Rate is the Transfer Market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions, except countries having a bilateral agreement with Egypt, and are not members of IMF.

Dollar weaker

The dollar lost ground against most currencies in yesterday's foreign exchange market and finished at or around its worst level for the day. Against the D-mark it closed at DM 1.8650 after an earlier level of DM 1.8550 and Friday's close of DM 1.8850. Similarly the Swiss franc improved to SwFr 1.6900 from SwFr 1.7080, while the Japanese yen was stronger at Y199.50 compared with Y201.40 previously. The probable cancellation of huge defence orders by Iran from the U.S. was seen as one of the main reasons for the dollar's decline. This was also previous continued political uncertainty in Iran and the possible cutback in oil supplies.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 8.1 per cent from 7.8 per cent. On Bank of England figures, its index fell from 85.1 to 84.5.

Intervention by central banks was conspicuous by its absence, with the dollar being allowed to find its own level.

Sterling traded steadily for most of the day, but showed a slightly weaker tendency towards the close. This was reflected in its trade-weighted index which finished at 63.3 from 63.4 on Friday, having stood at 63.4 at noon and in the early dealings. Dealers were quick to point out that sterling's apparent lack of movement was mainly due to dollar weakness. This was seen against the D-mark, which rose to DM 3.7125 from DM 3.7350, and the Swiss franc to SwFr 3.3650 against SwFr 3.3850. The pound opened at $1.9890 against the dollar and eased to $1.9780 before improving to $1.9905 in the afternoon. It closed at $1.9890-1.9900, a rise of 95 points from Friday's close.

NEW YORK—After its poor performance in European centres, the dollar continued to decline in rather heavy trading. Against the D-mark it fell to DM 1.8653 from DM 1.8863 on Friday while the Swiss franc improved to SwFr 1.6900 from SwFr 1.7070. Sterling was also firmer at $1.9885 compared with $1.9795 and the yen firmed to Y199.50 from Y201.55.

FRANKFURT—The dollar was fixed at DM 1.8726 yesterday, compared with DM 1.8847 on Friday, and there was no intervention by the Bundesbank. In active trading the U.S. unit fell on fears of reduced oil output from Saudi Arabia and the continuing uncertainty in Iran. In later trading it fell further to DM 1.8540 at the close.

MILAN — A sharp turnaround was seen in the performance of the dollar yesterday as it fell L4 to L843.45 at the fixing. Continued fears about the situation in Iran appeared to be the cause of the decline. Other major currencies showed a firmer trend against the lira, with the D-mark at L450.11 from L448.72 and the Swiss franc at L496.61.

PARIS — Trading was described as very active yesterday and the dollar showed a sharp fall against the French franc to close at Fr 4.2800 compared with Fr 4.3550 earlier and on Friday evening. The recent sharp improvement in the U.S. unit led to some profit taking and together with the Iranian situation and the sharp rise in gold, the U.S. unit weakened considerably despite central bank support.

ZURICH — In line with its performance in other centres, the dollar showed a sharp decline in early morning trading. The U.S. unit came on offer after the cancellation of sizeable defence purchases by Iran and reflected the gain in the price of gold. The U.S. unit was quoted at SwFr 1.6970 compared with SwFr 1.7062 earlier and DM 1.8717½ from DM 1.8835.

AMSTERDAM — The dollar was fixed at Fl 2.0210 yesterday, down from the previous fixing level of Fl 2.0340.

TOKYO — After its recent firmer trend, the dollar fell back yesterday against the yen to close at Y201.775, compared with Friday's close of Y202.25. The U.S. unit opened at Y201.80 and its firmness was attributable to commercial demand for import settlements. However, during the afternoon the situation was reversed with the dollar coming on offer and easing to its closing level. Trading in the spot market totalled $440m, with forward trading at $161m, and swap dealings accounting for $612m.

THE POUND SPOT

Belgium rate is for convertible francs. Financial franc 59.45-59.55.

FORWARD AGAINST £

Six-month forward dollar 3.05-2.95c pm. 12-month 3.20-3.20c pm.

THE DOLLAR SPOT AND FORWARD

† U.S. cents per Canadian $.

CURRENCY RATES

February 2	Special Drawing Rights	European Unit of Account
Sterling	0.645274	0.673384
U.S. dollar	1.27754	1.33276
Canadian dollar	1.53162	1.59787
Austrian schilling	17.6406	18.4033
Belgian franc	37.5672	39.5497
Danish krone	6.65160	6.94569
Deutsche Mark	2.40638	2.51025
Guilder	2.59913	2.71494
French franc	5.52602	5.77353
Lira	1082.97	1130.85
Yen	257.996	269.467
Norwegian krone	6.59813	6.88281
Peseta	89.5178	93.3547
Swedish krona	[illegible]	5.88975
Swiss franc	2.18447	2.28080

CURRENCY MOVEMENTS

February 5	Bank of England Index	Morgan Guaranty changes %
Sterling	63.29	-40.6
U.S. dollar	84.52	-8.1
Canadian dollar	78.55	-18.3
Austrian schilling	146.86	+18.3
Belgian franc	114.84	+15.3
Danish kroner	115.18	+7.8
Deutsche Mark	145.58	+41.2
Swiss franc	193.16	+81.3
Guilder	124.75	+20.9
French franc	99.58	-5.6
Lira	54.18	-49.2
Yen	144.78	+43.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Rate given for Argentina is free rate.

*The spread for Singapore Dollar on Feb. 2 should have read—4.3125-4.3250.

EXCHANGE CROSS RATES

Feb. 5	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.990	3.713	398.0	8.523	3.363	4.005	1675.	2.381	58.35
U.S. Dollar	0.503	1.	1.866	200.1	4.284	1.691	2.013	842.0	1.197	29.35
Deutsche mark	0.269	0.536	1.	107.2	2.296	0.906	1.079	451.2	0.641	15.72
Japanese Yen 1,000	2.513	4.999	9.328	1000.	21.41	8.456	10.06	4209.	5.982	146.6
French Franc 10	1.173	2.334	4.356	467.0	10.	3.948	4.699	1966.	2.794	68.47
Swiss Franc	0.297	0.591	1.105	118.3	2.533	1.	1.190	497.8	0.708	17.34
Dutch Guilder	0.250	0.497	0.927	99.38	2.128	0.840	1.	418.3	0.595	14.57
Italian Lira 1,000	0.597	1.188	2.216	237.5	5.087	2.009	2.391	1000.	1.421	34.83
Canadian Dollar	0.420	0.835	1.558	167.2	3.579	1.413	1.683	703.6	1.	24.51
Belgian Franc 100	1.714	3.410	6.362	682.1	14.61	5.767	6.864	2871.	4.081	100.

EURO-CURRENCY INTEREST RATES

Feb. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¼-11½	10-10¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7-10	—	4¼-1⅛
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10½-11½	10⅛-10⅞	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¾-13¾	10⅛-10⅜	[illegible]
Three months	13¾-13⅞	10½-10¾	10¾-11⅛	7⅛-7⅜	[illegible]	3⅞-4	[illegible]	13-14	10⅝-10¾	[illegible]
Six months	[illegible]	[illegible]	10⅞-11¼	6⅞-7⅛	[illegible]	4¼-4⅜	8¼-8½	13½-14½	10¾-10⅞	2¾-3⅛
One year	13¼-13⅜	[illegible]	[illegible]	7-7¼	[illegible]	[illegible]	9-9¼	14-15	10¾-10⅞	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.45-10.55 per cent; six months 10.70-10.80 per cent; one year 10.70-10.80 per cent.

Long-term Eurodollar deposits: two years 10⅛-10⅜ per cent; three years 10⅛-10½ per cent; four years 10⅛-10⅜ per cent; five years 10⅛-10⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Firmer trend

Interest rates were firmer in most of the world's financial centres yesterday, although First National Bank of Chicago joined Chase Manhattan and one or two other U.S. banks in cutting its prime rate to 11½ per cent from 11¾ per cent.

Federal funds were firmer in New York in early trading, rising to 10¼-10⅜ per cent, from around 10 1/16 per cent at the same time on Friday. The Federal Reserve added liquidity by way of overnight repurchase agreements. Overnight money was also up in Germany and France.

FRANKFURT — Call money rose to 3.0-4.0 per cent from 3.7-3.9 per cent, and one-month to 4.0-4.1 per cent from 3.8-3.9 per cent. Three-month funds were unchanged at 4.1-4.2 per cent, and six-month at 4.2-4.3 per cent, but 12-month eased slightly to 4.45-4.55 per cent from 4.5-4.7 per cent.

PARIS—Day-to-day money rose to 6¾ per cent from 6½ per cent, and longer periods were also firmer. One-month rose to 6 9/16-6 11/16 per cent from 6½-6¾ per cent; three-month to 8 11/16-6 13/16 per cent from 6⅝-6¾ per cent; six-month to 6 11/16-6 13/16 per cent from 8¾-6⅞ per cent; and 12-month to 7 1/16-7 3/16 per cent from 7⅛-7¼ per cent.

BRUSSELS—One-month funds rose to 8¼-8¾ per cent from 8-8½ per cent, and three-month to 8 5/16-8 7/16 per cent from 8⅛-8⅜ per cent. Six-month and 12-month money were unchanged at 8⅜-8⅝ per cent.

AMSTERDAM — Call money was unchanged at 7¾-8 per cent, but period rates eased. One-month fell to 7⅝-7⅞ per cent from 7¾-8 per cent; three-month to 7⅝-7⅞ per cent from 7¾-8 per cent; and six-month to 7¼-7½ per cent from 7⅜-7⅝ per cent.

HONG KONG—The money market was easy, with call money at 11½ per cent and overnight at 9½ per cent.

SINGAPORE — Bank Negara Indonesia, Banque de l'Indochine et de Suez, Chartered Bank, and Hong Kong and Shanghai Banking Corporation, raised their prime rates up by ½ per cent to 8 per cent. Chase Manhattan also increased its prime rate by ½ per cent to 8½ per cent, while the Royal Bank of Canada raised its prime rate by ½ per cent to 8½ per cent.

UK MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Interest rates rose quite sharply in the London money market yesterday, with one-month interbank money rising to 13 3/16-13 5/16 per cent from 12 7/16-12 15/16 per cent.

Day-to-day money was in short supply and the authorities gave an exceptionally large amount of assistance by buying an extremely large number of Treasury bills from the discount houses, plus a small amount of local authority bills, and a small number of eligible bank bills. The bank bills are to be resold to the market at a fixed future date.

Banks brought forward small run-down balances, and there was also a very small rise in the note circulation, but the major factor against the market was a very large net take-up of Treasury bills.

On the other hand there was a moderate excess of Government disbursements over revenue payments to the Exchequer.

Discount houses paid 11-11½ per cent for secured call loans in the early part, and closing balances were taken at 10-11 per cent.

In the interbank market overnight loans opened at 11¾-12 per cent and touched 12¼-12½ per cent, before easing to 7-8 per cent at the close.

LONDON MONEY RATES

Feb. 6 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-12½	—	—	—	13½	10-11½	—	—	—
2 days notice	—	—	12¼-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12⅞	—	—	—	—
7 days notice	—	12-12⅝	12½-12¾	—	13	—	11-11½	—	—	—
One month	12⅞-12⅝	13 1/16-13 5/16	12½-13	13⅛-13⅝	13½	—	11⅞-12	12-12¼	12⅞	13⅛
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 13⅛-13⅜ per cent; four years 13⅛-13⅜ per cent; five years 13⅛-13⅜ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅛-13⅜ per cent; four-month trade bills 13⅜ per cent.

Approximate selling rates for one-month Treasury bills 12¼ per cent; two-month 12⅛-12¼ per cent; three-month 12⅛-12 3/16 per cent. Approximate selling rate for one-month bank bills 12⅞-12⅛ per cent; two-month 12¼-12⅜ per cent; and three-month 12⅞-13 per cent; one-month trade bills 13 per cent; two-month 13⅛ per cent; and also three-month 13⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 12.4961 per cent.

GOLD

Sharp rise

Gold rose sharply yesterday in the London bullion market to close at $244¼-245, a rise of £13¾ an ounce. The increasing probability of cuts in oil supplies should the crisis in Iran continue was seen as one of the reasons behind the dramatic improvement, together with heavy shortcovering and a general rise in precious metals. The metal finished at around its best level for the day, not far from its record closing level on October 30 last year of $244¾-245½, which was reached at the height of the dollar crisis.

In Frankfurt the 12½ kilo bar was fixed at DM 14,375 per kilo ($238.87 per ounce) against DM13,975 ($230.62) on Friday.

	February 5	February 2
Gold Bullion (fine ounce)		
Close	$244¼-245	$231-231¾
Opening	$256½-257¼	$230½-231¼
Morning fixing	$238.50 (£120.097)	$229.90 (£115.094)
Afternoon fixing	$245.10 (£122.209)	$230.50 (£115.343)
Gold Coins, domestically		
Krugerrand	$275-272 (£138½-140)	$254¾-256¾ (£128-129)
New Sovereigns	$66¾-68¾ (£33½-34½)	$65¾-67¾ (£33-34)
Old Sovereigns	$70-72 (£35¼-36¼)	$68½-70½ (£34½-35½)
Gold Coins, internationally		
Krugerrand	$250½-252½ (£125-127)	$237-239 (£119¼-120¼)
New Sovereigns	$62-64 (£31¼-32¼)	$60½-62½ (£30½-31½)
Old Sovereigns	$70-72 (£35¼-36¼)	$68½-70½ (£34½-35½)
$20 Eagles	$306-310	$303-308
$10 Eagles	$167-172	$165-170
$5 Eagles	$115-119	$113-118

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.3125
Treasury Bills (13-week)	9.24
Treasury Bills (26-week)	9.26
GERMANY	
Discount Rate	3
Overnight Rate	3.85
One month	4.05
Three months	4.13
Six months	4.25
FRANCE	
Discount Rate	9.5
Overnight Rate	6.75
One month	6.625
Three months	6.75
Six months	6.75
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

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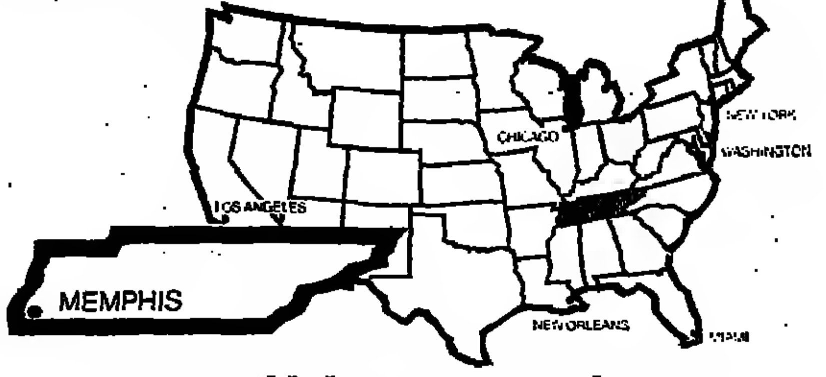

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FOR SALE SAFETY-WARE DISTRIBUTION COMPANY

Profits in the region of £120,000; for sale due to retirement.

Principals only apply in the first instance to: Michael Freedman FINNIE ROSS WILD & CO. Chartered Accountants Lee House, London Wall, London EC2Y 5AX

FOR SALE ENGINEERS MERCHANTS AND FABRICATION COMPANY

Old established family business of Engineers' Merchants in Merseyside including a retail ironmongery shop together with a modern fabrication workshop, specialising in pipework, steel tanks and machine guards manufacture and fitting. Turnover approximately £300,000 per annum.

Write Box G.3316, Financial Times, 10, Cannon Street, EC4P 4BY.

SHOP GROUP

A highly profitable, privately-owned Dry Cleaning, Wool and other products chain, with a turnover of £100,000 consisting of 4 units, wish to make a quick sale in order to develop other interests. Recent auditors' accounts available. Price negotiable. - Ref. 801.

Please apply to: Peter Bernon, Bernett Keel Business Services, Providence House, River Street, Windsor, Berks. Tel: Windsor 56723.

NORTH SHROPSHIRE

Assets of Engineering Business For Sale as a Going Concern. Existing production of Vehicle Body Fabrications, Agricultural and Steel-framed Buildings. Fully fitted and operational factories with Presses, Guillotines, Lathes, Mills, Spray Equipment, existing skilled labour force. Buildings of 150,000 sq ft on 10-acre site available on either freehold or leasehold basis.

Further details apply Box G.3299, Financial Times, 10, Cannon Street, EC4P 4BY.

NORTH SHROPSHIRE

Assets of Transport and Haulage Business for sale as a going concern. Complete vehicle fleet including Volvo F10s, Foden, Fiat, Atkinson Units, Trailers, etc. Modern workshop premises and yard available on freehold or leasehold basis.

Further details apply Box G.3300, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE GUERNSEY REGISTERED COMPANY OWNING RE-DEVELOPMENT SITE

Centre of St. Peter Port with consent for mixed development of commercial and residential units. Low tax advantages. 20 Mansell Street, St. Peter Port, Guernsey, Channel Islands. Tel. 26117.

HOLT, NORFOLK. Freehold detached property, town centre. Kitchen and cook shop, office and storage over. Planning consent restaurant and wine bar. Turnbull & Co., Bank Street, Norwich. Tel. 9603 69361.

ANTIQUE SHOP for sale, Hampstead area. Very well appointed, main road position, beautifully equipped, overhead track lighting, carpeted throughout. Genuine reasons for disposal. Full details telephone 01-455 7514.

RADIO & TV RENTAL outlet for sale. North London. £12,000 negotiable. Net profit approx. £20,000 p.a. Alarm, fixtures and fittings, lease and goodwill. Write Box G.3302, Financial Times, 10, Cannon Street, EC4P 4BY.

MERCHANT COMPANY. 10 years trading, 11% profit before tax on £2m, and 87% return on capital employed. Write Box G.3295, Financial Times, 10, Cannon Street, EC4P 4BY.

GLASGOW BASED property company netting in excess of £50,000 per annum offered for sale. Principals only apply. Write Box G.3296, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE

Specialised Manufacturer of Custom Built Body Work for Commercial Vehicles

Two Factories on long leases Based in Essex

For further details:

A. R. HOUGHTON 27 Chancery Lane London WC2 01-242 9451

FOR SALE

Fruit processing plant in South East. Fully equipped with fresh preparation line, freezer, cold store, retorts and pulp line. Possible tax loss benefit.

Write to: MELLORS, BASDEN AND CO. 38 Finsbury Square, London, EC2A 1SY.

TAX LOSS COMPANY FOR SALE

Air Transport/Haulage Business

For details of Audited Accounts and Accountants:

Write Box G.3303, Financial Times, 10, Cannon Street, EC4P 4BY.

SMALL COMPANY FOR SALE

Filter Manufacturers. Turnover over £100,000. Good profit record. Assets include freehold factory. West Midlands. Financing arrangement available to approved purchaser. Genuine enquiries to Messrs. Morley, Banks and Co., 37, Avenue Road, Rowley Regis, Warley, West Midlands. Tel. 021 559 3935.

PREMISES HOTELS AND LICENSED

CRANS-MONTANA SWITZERLAND FOR SALE

First-class hotel with good clientele. Serious enquiries only. Please contact Box G.3291, Financial Times, 10, Cannon Street, EC4P 4BY.

ADHESIVES COMPANY

Specialised industrial adhesives company for sale in Central Europe occupying excellent 5 acre site, 40,000 sq. ft. covered space. Write Box G3314, Financial Times, 10, Cannon Street, EC4P 4BY.

THE FREEHOLD OF FOUR MODERN INTENSIVE FISH FARMS

to be built in 1979, are available. The fish farming units are to be constructed on a site near Weymouth on one of the finest freshwater sites in Europe, having the purest borehole and spring water supplies exceeding two million gallons per day, mostly protected by a Water Authority's rare high quantity abstraction licence. Substantial capital growth plus 20% return per annum forecast in this new aquicultural industry. Minimum capital requirement, £110,000. Established technical management and marketing outlets.

FIELD, STREAM & COVERT (ENGLAND) LTD., Fish Farming Managers, Scientists and Engineers, Meriden, Warwickshire, CV7 7LJ.

WASTE PAPER RECLAMATION BUSINESS

Old established company engaged in processing and packaging of range of waste paper. Well equipped modern freehold works—London. T/O approximately £1m p.a. with good orders. Offering potential.

Full details to Principals only. Box G.3322, Financial Times, 10 Cannon Street, EC4P 4BY.

BUSINESSES WANTED

ESTABLISHED SHIPPING AND FORWARDING COMPANY

wishes to acquire small General Shipping and Forwarding company or companies. Please reply to Reference PJB, Budd Martin Burrott, 2 Tindal Street, Chelmsford, Essex.

OFFER TO ACQUIRE

Public Company wishes to acquire for cash successful business showing consistent profitability engaged particularly in the Wholesale/Retail Trade. Write Box G.3311, Financial Times, 10, Cannon Street, EC4P 4BY.

WORD & DATA PROCESSING SUPPLIES

Leading manufacturer wishes to acquire or take equity stake in a

DISTRIBUTOR

Well established, existing national distribution to end users essential. Profitable. Turnover over £½ million.

Write Box G.3317, Financial Times, 10, Cannon Street, EC4P 4BY.

CLIENT INTERESTED IN ACQUIRING HAULAGE COMPANY

Annual turnover £500,000. Well established profitable business. Type of vehicle mainly 32-ton articulated equipment. Nature of traffic, long distance haulage. Location, South Lancs. and Greater Manchester. Easily accessible to motorway system. Reply in confidence to Box G.3284, Financial Times, 10, Cannon Street, EC4P 4BY.

WANTED Plant Hire Company with tax losses in excess of £100,000. Write Box G.3277, Financial Times, 10, Cannon Street, EC4P 4BY.

PLASTIC PRODUCTS

Substantial group of plastics companies wishes to expand its manufacturing and marketing by acquisition. Companies with sales exceeding £500,000 and capacity for expansion will be of interest.

Write in confidence to Box G.3290, Financial Times, 10, Cannon Street, EC4P 4BY.

SOUTHERN ENGLAND-BASED INSURANCE BROKERS

seeking to purchase brokerage (Life and/or Fire and Accident) where one or more Directors would be willing to continue with a view to early Directorship on the Main Board. *Please write to Box G.3258, Financial Times, 10, Cannon Street, EC4P 4BY.*

WANTED A CHEMICAL COMPANY

with turnover £250,000 + for acquisition and merger with similar interest. *Principals only contact* Mr. Jones. Tel. 043-813488 (after 7 p.m.)

Early Dow fall of 9.4 on Iranian worries

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—94⅞% (96¼%)
Effective $1.9895 48⅞% (49¼%)

RENEWED CONCERN about the impact of Iranian unrest on the U.S. economy pushed stocks broadly lower on Wall Street in moderate trading yesterday morning.

The Dow Jones Industrial Average weakened 9.44 to 825.19 at 1 pm and the NYSE All Cam- mon Index fell 65 cents to $55.14, while declines outpaced rising issues by a four-to-one margin. Turnover came to 15.33m shares, against last Friday's 1 pm level of 16.87m.

Closing prices and market reports were not available for this edition.

This fresh concern overshadowed a cut in the prime rate by First National Bank of Chicago to 11½ per cent from 11¾. Chase Manhattan and First Pennsylvania are two major banks which have already announced a similar reduction in prime rate.

The Iranian worries were intensified as the troubled nation cancelled $7bn in U.S. defence contracts and an aide to Ayatollah Khomeini advocated nationalisation of foreign oil companies' holdings.

Among the actives, Sears Roebuck lost ⅛ to $20⅜, K Mart ⅛ to $24, Avon Products 1⅛ to $49⅞, Armstrong Cork ⅞ to $19⅜ ex-dividend and Boeing ⅞ to $76⅞. Orders from Iran for seven Boeing airborne radar aircraft were cancelled.

Raytheon fell 1⅞ to $47⅜ despite winning a $39m air force contract. It has a large exposure in Iran.

Exxon receded ⅞ to $49⅞ ex-dividend and Mobil 1⅞ to $69⅜.

General Dynamics declined 1⅞ to $34⅞. Its order from Iran for 160 F-16 jet fighter aircraft was cancelled.

Ashland Oil, however, picked up ⅜ to $36⅞. It is to sell properties to Tenneco, Mesa Petroleum and Getty Oil for $607m. Tenneco eased ⅞ to $30⅞, Mesa ⅞ to $35⅞ and Getty ⅞ to $37⅞ ex-dividend.

THE AMERICAN SE Market Value Index was 0.85 lower at 158.40 at 1 p.m. after moderate volume of 1.66m shares (1.35m).

Canada

Stocks remained easier-inclined in active early dealings yesterday, with the weak New York market exerting downward pressure.

The Toronto Composite Index, however, was a marginal 0.2 firmer at 1,349.8 at mid-day, helped by a rise of 13.3 to 1,557.9 in the Golds index and a gain of 3.8 to 1,207.2 in the Metals and Minerals index.

Oils and Gas receded 5.4 to 1,547.8, Papers 0.48 to 156.79, Banks 0.14 to 316.83 and Utilities 0.17 to 196.42.

Inco, which reported higher fourth-quarter net profits but poorer full-year results, rose ⅛ to C$21⅞.

Southam eased ⅞ to C$18⅞ despite improved earnings and a dividend increase. Canadian Hidrogas added 5 cents at C$4.60 on higher first-quarter earnings.

The Real Estate index fell nearly 27 points, with S. B. McLaughlin off ⅞ to C$10⅞, Trizec ⅞ to C$16 and Cadillac Fairview ⅞ to C$10.

Surpass Chemical, which last traded at C$8, was halted at the opening on news that it plans to merge with Witco Chemical Canada.

Tokyo

Market suffered a sharp setback in a moderate business on press reports that Saudi Arabia has decided to cut oil production by 700,000-1,000,000 barrels a day, beginning in the first quarter of this year. The Nikkei-Dow Jones Average retreated 45.27 to 6,148.86, while the Tokyo S.E. index declined 2.50 to 457.70. Volume amounted to 310m shares, compared with 250m shares in the half-day session on Saturday and 350m last Friday.

Investors sold such export-related issues as Light Electricals and Motors and other Blue Chip shares, partly reflecting concern over the outcome of trade talks between the U.S. and Japan.

Recently-selected Textiles, Chemicals, Steels and Heavy Machines were widely lower.

Fuji Photo Film receded Y29 to Y886, Nisshin Spinning Y5 to Y649, Kaken Chemical Y70 to Y2,520, Nisshin Steel Y6 to Y196, Sony Y40 to Y1,610 and Pioneer Electronic Y80 to Y2,020.

However, Teikoku Oil, together with some other energy-related issues, gained ground, helped by news that its debts in margin trading have decreased in recent trading. Arabian Oil put on Y30 to Y3,130 and Toa Nenryo Y31 to Y529.

Paris

Bourse prices mainly declined in fairly active trading. Brokers said the weakness of the market was in part due to funds being diverted to the gold market, as well as to an increase in the Call Money rate to 6⅜ from 6⅛ per cent, continuing concern over potential labour unrest in France and the situation in Iran.

Declines predominated in all sectors apart from Stores and Rubbers, which were mixed.

Notably lower were Chargeurs Reunis, Sias, Borel, Ericsson, Moet Hennessy, Generale des Eaux, Ferodo, Poclain, Michelin, Redoute, Applications des Gaz, Bouygues, BIC and Dollfus-Mieg.

Gaining substantially were BCT, Kleber, Prenatal, CEM and Metallurgique Dunkerque.

Germany

An easier tendency prevailed yesterday, although Banks and Chemicals provided firm sectors. The Commerzbank index shed 1.8 to 810.5.

Dealers described trading as somewhat listless with institutional investors largely staying out of the market.

Among Banks, Dresdner Bank gained DM 1.30, Deutsche Bank DM 1.10 and Commerzbank 50 pfennigs. Most Chemicals scored small gains. Bayer and Hoechst put on 70 pfennigs each, while Degussa climbed DM 1.00. Schering, however, declined DM 1.50 and Ruetgerswerke DM 1.00.

Losses were also posted by Steels, where Thyssen shed 90 pfennigs.

In Motors, Volkswagen receded DM 1.70, while Stores had Kaufhof off DM 1.50. Elsewhere, Metallgesellschaft reacted DM 3.50.

In Domestic Bond trading, short-dated public authority paper shed as much as 35 pfennigs, while longer dates were marked down by up to 10 pfennigs. The Bundesbank sold a net DM 11.1m nominal of paper compared with sales of DM 8.9m last Friday. Mark Foreign Loans were slightly weaker.

Australia

Markets generally showed fresh buoyancy, although Coppers, strong of late on the upsurge in copper prices, reacted on profit-taking, while Oils also turned easier. The Sydney All Ordinary index rose 3.25 to a 1978-79 high of 580.46.

Industrial leaders had a good day, with BHP advancing 8 cents to A$9.88.

Pioneer Sugar gained 10 cents to A$1.45 and CSR 6 cents to A$3.69 on higher sugar prices.

Among Banks, CBC moved ahead 19 cents to A$2.25 in response to encouraging interim results. ANZ put on 4 cents to A$4.22.

Tin and Gold shares improved, along with Beach Sands mining issues, but among the easier Copper sector, MIM receded 7 cents to A$3.15 and Pacific Copper 4 cents to A$1.14.

Uraniums mostly marked time, except for Queensland Mines and Kathleen Investments, which softened on a belief that they will soon be calling on shareholders for cash to finance the Nabarlek uranium project.

Hong Kong

The market closed sharply higher after moderately active trading, with the Hang Seng index recording a rise of 13.96 at 568.90.

A decision by the Exchange Banks' Association interest rate sub-committee to leave local deposit rates unchanged for the time being gave a boost to sentiment.

Hong Kong Wharf led the advance, rising HK$1.45 to HK$31.25, while Jardine Matheson climbed 60 cents to HK$13.10, Hong Kong Land 45 cents to HK$8.70 and Swire Pacific "A" 40 cents to HK$9.20.

Johannesburg

Gold shares made good progress in fairly active trading following sharply Bnllion indications. There was fairly strong Overseas interest which pushed heavyweights up to R3.00 higher.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ф SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs; including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Feb. 2	Feb. 1	Jan. 31	Jan. 30	Jan. 29	Jan. 26	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
♦ Industr'ls	834.63	840.07	839.22	851.78	855.77	858.75	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.80	85.51	85.41	85.19	85.24	85.04	90.86 (4/1/78)	84.09 (15/1/79)	—	—
Transport.	213.43	214.31	214.55	216.88	217.91	218.74	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.26	104.53	104.81	104.67	104.50	104.06	110.98 (3/1)	97.75 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	25,350	27,930	30,330	28,910	24,240	34,250	—	—	—	—

♦ Day's high 843.38 low 832.47

	Jan. 26	Jan. 19	Jan. 15	Year ago (approx)
Ind. div. yield %	5.68	5.81	5.80	5.02

STANDARD AND POORS

	Feb. 2	Feb. 1	Jan. 31	Jan. 30	Jan. 29	Jan. 26	1978-79 High	1978-79 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡Indust'ls	110.85	111.40	111.39	112.70	113.29	113.64	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	99.50	99.96	99.96	101.05	101.55	101.86	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 31	Jan. 24	Jan. 17	Year ago (approx.)
Ind. div. yield %	4.99	4.96	4.97	5.22
Ind. P/E Ratio	9.05	9.06	2.01	8.69
Long Gov. Bond Yield	8.84	8.91	8.97	8.12

N.Y.S.E. ALL COMMON

Feb. 2	Feb. 1	Jan. 31	Jan. 30	1978-79 High	1978-79 Low
53.79	56.00	55.99	56.60	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Feb. 2	Feb. 1	Jan. 31
Issues Traded	1,850	1,849	1,878
Rises	659	325	466
Falls	785	775	1,033
Unchanged	446	449	379
New Highs	—	18	17
New Lows	—	13	7

MONTREAL	Feb. 2	Feb. 1	Jan. 31	Jan. 30	1978-79 High	1978-79 Low
Industrial	226.95	227.62	228.99	230.99	232.44 (29/1/79)	152.90 (16/2)
Combined	251.12	251.76	253.21	235.35	237.05 (29/1/79)	170.62 (30/1)
TORONTO Composite	1349.6	1350.7	1355.9	1572.8	1582.4 (29/1/79)	998.2 (30/1)
JOHANNESBURG Gold	269.1	268.8	270.2	272.5	275.3 (29/1/79)	186.0 (20/4)
Industrial	302.0	300.5	1556.9	300.7	300.8 (29/1/79)	194.9 (15/5)

	Feb. 5	Pre-vious	1978-9 High	1978-9 Low
Australia(¶)	580.46	577.21	580.46 (5/2/79)	411.19 (1/3)
Belgium (‖)	104.79	104.41	104.79 (5/2/79)	90.45 (23/6)
Denmark(**)	92.70	92.80	98.96 (14/6)	88.08 (30/10)
France (††)	76.1	76.6	83.0 (4/10)	47.5 (3/2)
Germany(‡‡)	810.5	812.30	863.8 (19/10)	769.4 (17/5)
Holland (§§)	85.3	84.3	95.1 (11/8)	76.0 (4/4)
Hong Kong (¶¶)	568.90	554.94	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	72.36	73.05	82.25 (25/9)	55.45 (10/1)
Japan (a)	457.70	460.60	462.97 (31/1/79)	364.04 (4/1)
Singapore(b)	371.51	372.12	414.60 (8/9)	263.0 (9/1)
Spain (d)				
Sweden (e)	397.45	394.34		
Switzerld (f)	314.2	316.2	323.7 (14/2)	281.6 (28/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Carrier	647,500	26⅞	−⅛
McGraw-Hill	457,600	30	+1
Gardner-Denver	308,300	30¼	−⅞
Boeing	265,400	76⅞	+⅛
Firestone Tire	258,900	12⅞	−⅛
ICN Pharm.	215,100	6⅞	+⅛
Mo Der. Pr. 'B'	213,100	30⅞	+⅛
Sears Roebuck	205,200	20¼	−⅛
Exxon	205,000	51	−⅛
Saxon Indis.	204,900	5⅞	—

GERMANY ♦

Feb. 5	Price DM.	+ or −	Div. %	Yld. %
AEG	62.3	−1.7	—	—
Allianz Versich.	504		31.6	3.1
BMW	238		28.12	5.2
BASF	134.9	+0.4	18.76	7.0
Bayer	136	+0.7	18.75	6.9
Bayer.Hypo	286.5	−0.5	28.12	4.2
Bay. Vereinsbk.	302.5	−0.5	28.12	4.7

TOKYO ¶

Feb. 5	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	357		14	2.0
Canon	485	−19	12	1.3
Casio	655	−5	25	1.5
Chinon	381	+1	20	2.2
Dai Nippon Print	663	−3	18	1.3
Fuji Photo	686	−28	15	1.1
Hitachi	278	−2	12	2.2
Honda Motors	500		18	1.8

AUSTRALIA

Feb. 6	Aust. $	+ or −
ACMIL (25 cents)	†0.74	+0.02
Acrow Australia	†2.00	
AMATIL $1	†2.23	
Ampol Exploration	†1.35	−0.02
Ampol Petroleum	†0.78	
Assoc. Minerals	†1.76	+0.05
Assoc. Pulp Paper $1	†2.20	−0.05

STOCKHOLM

Feb. 5	Price Kronor	+ or −	Div. Kr.	Yld. %
AGA AB (Kr. 40)	215	+1	5	2.3
Alfa Laval(Kr.50)	142	−1	6	3.5
ASEA(Kr.50)	83.5	+1.0	5	6.0
AtlasCo'co Kr25	111		6	5.4
Billerud	59	−1.5		
Bofors	158	+5	4	2.8
Cardo	122	+2	6.75	3.0
Cellulosa	260	+7	10	3.8

EUROPEAN OPTIONS EXCHANGE

	Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABH	F.360	2	17	—	—	5	23	F.368
ABH	F.380	10	3.60	2	2.50	5	11.50	"
ABH	F.320	24	1.80		—	—		"
AKZ	F.25	3	6	10	3.10	—		F.29.50
AKZ	F.27.50	50	3.40	—		—	—	"
AKZ	F.30	45	1.70	18	2.80	—	—	"
AKZ	F.32.50	50	0.70	10	1.70	9	2.30	"
AKZ	F.35	14	0.40	27	0.80	10	1.60	"
ARB	F.80			1	2.40			F.77.80
GSF	F.380	5	12.90	4	20.60			F.370
GSF	F.400	—		7	13.40	—	—	"
GSF	F.440		—		—	9	8.10	"
EK	$60	1	4	—			—	$60⅞
FNC	$25		—	1	1⅞	—	—	$25⅞
GOB	F.140	5	9.30	5	12	—	—	F.146.30
GOB	F.150			—	—	6	5.80	"
GOB	F.160			—	—	6	2.80	"
HO	F.32.50	13	1.80	—	—	—	—	F.32
HO	F.35	4	1	—	—	—	—	"
HO	F.37.50		—	8	1.20	—	—	"
HO	F.40	—	—	8	0.70	—	—	"
IBM	$300	5	15	—	—	—	—	$307⅞
IBM	$320	17	7	2	15¼	—	—	"
KLM	F.110	133	3.80	58	6.30	5	8.20	F.108
KLM	F.120	74	1.10	73	3.10	12	4.80	"
KLM	F.130	102	0.50	6	2	8	3.60	"
KLM	F.170		—	100	0.30	—	—	"
HH	F.120	12	1	—		—	—	F.111.80
PHI	F.22.50	80	1.80	—		—	—	F.23.70
PHI	F.25	63	0.60	131	1	10	1.50	"
PHI	F.27.50	160	0.20	—	—	2	0.50	"
PHI	F.30	10	0.10	—	—	—	—	"
SRD	$45	10	7½	—	—	—	—	$50¼
SRD	$60	1	1	—	—	—		"
PSA	F.440		—	—	—	2	18	F.407
RD	F.120	45	8.30	—		19	9.70	F.125.10
RD	F.125	55	4.50	—		50	6.40	"
RD	F.130	33	2.60	22	3.50	3	4.60	"
RD	F.135	20	1.20	—	—	—	—	"
RD	F.140	30	0.40	—		—	—	"
UNI	F.110	5	14.90	—	—	—	—	F.123.70
UNI	F.120			6	8	—	—	"
UNI	F.130	26	1	—	—	—	—	"
		Feb.		May		August		
BA	$60	5	15⅞	—	—		—	$76⅞
BA	$70	35	7⅞	—	—	5	13⅞	"
BA	$80	36	1⅞	6	6	10	8⅞	"
OXY	$15	—	—	1	3⅞	—	—	$17⅞

TOTAL VOLUME IN CONTRACTS 1898

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13%
Barclays Bank	12½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transconl.	12½%
First Nat. Fin. Corp.	14%
First Nat. Secs. Ltd.	14%
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Tst.	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14%
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13%
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

Copper surges to £1,000

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER TRADED at more than £1,000 a tonne on the London Metal Exchange yesterday for the first time since June 1974.

The astonishing rise in the market continued, encouraged by sharp rises in precious metals, with platinum and silver prices jumping to new all-time peaks.

Copper cash wirebars closed £48 up at £993 a tonne, and the three months quotation £44.5 higher at £1,001.5. In late kerb trading, however, prices fell sharply when the New York copper market came back with speculators reportedly switching to gold.

While many speculators were taking profits in copper throughout the day, prices of platinum and silver rose steeply to new peaks. London free market platinum gained £7.95 to a record £203.15 an ounce.

The bullion spot quotation for silver was 23.1p up at 356.2p an ounce at the morning fixing and values moved further ahead in the afternoon with the Metal Exchange silver cash price closing at 359p.

The surge of buying demand was attributed to the rise in gold "reflecting nervousness about oil prices and supplies and the consequent effect on the U.S. dollar. As expected copper stocks held in London Metal Exchange warehouses fell once again: this time by 5,475 tonnes reducing total holdings to 319,075 tonnes.

Although this decline was fairly modest compared with recent stock falls, a noticeable feature of the market was that the gap between cash and three months quotations shrank to £9 at the close, and £6 at one stage.

The market ignored a report from Tokyo that the Japan's Metallic Stockpiling Association was studying the possible release of some 21,500 tonnes of copper later this month to domestic users because of the sharp rise in world prices.

Zinc prices on the Exchange climbed to the highest level for nearly two years, with the three months quotation trading above £400 a tonne for the first time since March 1977. The cash price closed £16 higher at £394.5 a tonne, encouraged by a fall in warehouse stocks, down by 1,800 to a total of 66,625 tonnes.

A modest fall of 375 to 14,850 tonnes in warehouse stocks of lead was viewed as somewhat disappointing and the market lost ground with cash lead closing £4 lower at £551 a tonne. However NL Industries in the U.S. announced it was raising its domestic lead price by 2 cents to 44 cents a lb.

Tin stocks rose again, by 175 to 1,790 tonnes. But prices were buoyed up by a rise in the Penang market over the weekend.

The build-up in aluminium stocks slowed down with a rise of only 100 tonnes to a total of 12,875 tonnes. LME silver holdings fell by 590,000 to 20,610,000 ounces.

Feature on Page 16

Turkey deal angers UK farmers

REPORTS of an international deal which would allow U.S. imports of turkey to undercut home producers in the British market roused a chorus of protest at the annual conference of the British Turkey Federation in Eastbourne yesterday.

Mr. Raymond Twiddle, federation chairman, said farmers were "outraged" that the future development of their industry was threatened.

He said he had heard from "reliable sources" in Europe that with the blessing of the British Government, the European Community was preparing to open the UK turkey market to the Americans.

The turkey industry had been built up here without the benefit of Government or EEC grants. Now it would have to compete with cheap imports brought in free of EEC taxes or levies.

Other delegates at the meeting claimed the deal was part of a bargain struck at EEC level to allow French wine and brandy shippers to increase their sales in the U.S.

White Paper this week

THE REVISED version of the Government's agricultural policy White Paper, Food from our own Resources, is to be published on Thursday afternoon, the Ministry of Agriculture announced yesterday.

The original policy paper, published in 1975, was thrown hopelessly out of balance by the drought of 1976.

China to raise farm imports

HOUSTON — China's Vice-Premier Deng Xiaoping (Teng Hsiao-Ping) predicted that Chinese imports of agricultural products will increase over the next three to five years.

Deng told newspaper editors here the main item would be food grains, but he did not give any figures.

The most recent U.S. Agricultural Department estimates put China's imports of wheat and coarse grains at 13m tonnes in 1978-79 marketing year, up from 8.7m tonnes in 1977-78.

Reuter

DANISH DAIRY INDUSTRY

NZ blamed for butter market disruption

BY CHRISTOPHER PARKES

DISRUPTION of the British butter market last year cost Danish exporters between £40 and £180 a tonne in losses, Mr. Jens Majgaard, chairman of Butterdane, said in Copenhagen at the weekend.

The price in Britain, depressed by highly competitive marketing, was as much as £180 a tonne lower during 1978 than the price Butterdane could have got for its supplies from the Danish intervention board, he said.

Blame for much of the disruption lay with the New Zealanders, he claimed.

According to the 1975 "Dublin Agreement" between the Nine's heads of state (the agreement concluded British "renegotiation" of EEC membership terms) which set quotas for New Zealand until 1980, Britain's traditional Commonwealth supplier was allowed to send substantial quantities of butter to the UK on condition that the shipments did not "disrupt" the market.

"For some time EEC policies have worked against the interests of EEC members in favour of a third country. While we recognise New Zealand's special position with regard to the UK, we believe they should no longer be allowed unfair advantages," Mr. Majgaard said.

"Surely it was never the intention of the Dublin Agreement to give New Zealand market shares of up to 47 per cent."

Last year, Mr. Majgaard said, New Zealand's monthly share of butter sales have averaged 34 per cent and rose as high as 47 per cent.

Because of this the Community needs to adopt an entirely different attitude to NZ supplies when the current agreement runs out.

After 1980, he said, New Zealand should be forced to compete on equal terms with the Community suppliers. Now it enjoyed "preferential" status.

"It would be wrong for us to set quotas for 1984 at the beginning of 1979," he added.

For the future he wanted to see quotas set yearly at the time of the Community's annual price review. Import levies should be set monthly, he argued, to prevent recurrence of the disruptions of the past 12 months.

New Zealand maintains heavy stocks of butter in bonded warehouses in Britain and is able to avoid the worst impacts of price rises and import levy changes on its competitiveness.

Under existing arrangements the New Zealanders are commonly given plenty of warning of any changes and can release stocks from bond in advance of the adjustments, thus maintaining a low-price advantage in the event of levy rises which would normally lead to a sudden increase in prices.

Mr. Majgaard urged the British Government to take up the EEC Commission's new consumer subsidy on butter, put forward as part of this year's farm price review.

He said that since a similar subsidy was taken up in Denmark last year, annual sales of butter had increased 7 per cent. The same could happen in the UK, he claimed.

He admitted that the suggestion that the UK Treasury should pay 25 per cent of the proposed subsidy of 12p a pound was a "tremendous problem." But, he added, since so many other elements in the price review proposals accommodated British demands, it would be "almost churlish" for the Government to reject the subsidy scheme.

Consumer subsidies could halt the fall in butter consumption in Britain and if maintained for two or three years could have a marked effect. He forecast that butter sales here could recover in only one year to 450,000 tonnes a year.

Sharp herd decline forecast

BY HILARY BARNES IN COPENHAGEN

A SHARP decline in the size of the Danish dairy herd between now and 1990 is forecast in a coming report from the Danish College of Agriculture.

For Danish farmers the report places the EEC Commission's proposal for a progressive milk tax in a new relief. The tax, according to the Danish Agricultural Council, will cost dairy farmers some Kr 900m a year.

The farmers accept the necessity for price restraint for dairy products, but they are opposed to the variable tax formula proposed by Mr. Finn Olav Gundelach, Agriculture Commissioner. They fear the tax will be unpredictable and will undermine farmers' confidence in the CAP.

The Danish farmers are also strongly critical of the Commission's proposals on compensatory amounts. These will leave the German MCAs unchanged, but reduce Danish MCAs, giving German exports a price advantage over Danish exports.

Denmark is the only country in the EEC to have maintained equal exchange rates for the "green currency" and the ordinary currency.

The preliminary report of the Agricultural College predicts that the dairy herd will decline gradually from 1.15m head in 1978 to 1.01m in 1984. But between 1984 and 1990, says the report, the herd will fall to 680,000. This however is the most pessimistic forecast and the final report, which will probably be published in about two months, is expected to contain a rather more optimistic alternative forecast for 1990.

A continued increase in milk yields means that the decline in milk production will be less than the decline in the herd. Milk production will fall from 5.13bn kilos in 1978 to 4.97bn in 1984 and 3.62bn in 1990, according to the preliminary report.

Among the factors affecting production of livestock is the expected decline in the number of agricultural holdings and the agricultural labour force. The number of holdings will fall from 125,000 in 1978 to 102,000 in 1984 and 88,000 in 1990.

Further cocoa price fall predicted

By Richard Mooney

A FURTHER decline in world cocoa prices was forecast yesterday by London traders Paterson, Simons and Ewart.

The firm, in its latest market report, said that while manufacturers appeared well supplied Ghana and Nigeria, two of the main producers, had plenty of cocoa to sell. It also noted that a large Brazilian main crop was in prospect and an "excellent" temporao crop had been forecast.

In addition, the company thought the switch by manufacturers to cocoa substitutes in response to recent very high prices might have reduced basic demand for cocoa beans.

Against these "bearish" factors the report said continuing shipment delays from Ghana and the weakness of the dollar and sterling against other European currencies were steadying factors.

But the firm's overall view was nevertheless "bearish." "We do not believe that the downward movement of the past two months has yet fully run its course and it is difficult to see what is to prevent the present bear structure of the market continuing through the balance of the current season," it said.

On the London futures market meanwhile cocoa prices recovered somewhat in what most dealers saw as a reaction against the recent decline.

Fertiliser aid for third world

FINANCIAL TIMES REPORTER

ROME — A plan to protect poor countries against high fertiliser prices, proposed by the Food and Agriculture Organisation of the UN (FAO), has received the support of an FAO Commission of the international fertiliser industry.

The scheme would make fertiliser available to developing countries at prices they could afford.

It would help to safeguard their food production if fertiliser prices were to soar again as they did during 1974-75. Technical details have still to be worked out.

M. Edouard Saouma, FAO director-general, has already received commitments in principle from fertiliser manufacturers to supply nearly 500,000 tons of fertilisers.

Under the proposal, the manufacturers would make the fertilisers available for five years at the same price paid by their domestic customers.

The scheme would operate when prices in international trade rose above domestic prices in manufacturing countries—a situation that prevails only when prices are unusually high. An industry representative at the Commission meeting stressed the scheme would provide only "a second line of defence" because the quantities provided would only partially cover import needs of the poorest countries.

Government and industry delegates to the FAO Fertiliser Commission stressed the need for creating such a scheme now, during the current period of reasonable prices. The Commission reviewed an assessment prepared by FAO, the UN Industrial Development Organisation and the World Bank which predicted that fertiliser supplies would remain adequate for the next five years.

While fertiliser prices now compare favourably with those of the early '70s, the joint assessment said that "fertiliser prices can be expected to rise over the longer term to those levels required to induce new investments in fertiliser production capacities."

Much of the new construction of fertiliser plants will take place in developing countries, where capacity to make nitrogen fertilisers will double between now and 1983. By then developing countries will be able to produce one-fifth of the world's nitrogen and phosphate fertilisers, but will still require large imports, especially of potash.

The assessment estimated that fertiliser consumption in developing countries could double over the next 10 years.

Despite this rapid increase, the rate of fertiliser use in these countries remains low by Western standards, restricted by inadequate credit, marketing and extension facilities.

Pakistan buys cotton to fill export orders

BY CHRIS SHERWELL IN ISLAMABAD

LATEST ESTIMATES of Pakistan's cotton crop put output so low that no exports of staple cotton will be possible this year. Export commitments are being filled through purchases on the world market.

When Pakistan announced its controversial temporary ban on exports in December, it had been hoped that once the crop was in, some of the export commitments of 250,000 bales might be met.

But an assessment made last week on the basis of ginners' figures puts this season's output at between 2.4m and 2.5m bales. This is close to the disastrous level of 2.4m bales recorded in 1976-77, and far below the original projection for this year of 3.6m bales.

Officials say Pakistan has already settled its commitments with Western buyers.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Hectic on the London Metal Exchange as prices fluctuated sharply at high levels in a continuation of the recent strong market. Forward metal climbed from £969 at the start to over £1,000 but spent much of the day oscillating between £982 and £1,000. Much of the afternoon business was at the higher end of this range with Comex remaining limit-up. Most of the trading was thought to be of a speculative nature, with some spin-off from the bullion market. But the strength of the price suggested that some of the trade may have been short. The close on the Kerb was £994 but as Comex came off its limit, the London price descended sharply after hours. Turnover 44,075 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £1,000, [illegible]

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
Wirebars				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
Cathodes				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
U.S. Smt.			[illegible]	

TIN—Higher but succumbing to nervousness. [illegible]

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
Standard				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
Straits E.	[illegible]	[illegible]		
New York				

LEAD—Fluctuated as the market followed the movements of copper. [illegible]

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Sett'ment	[illegible]	[illegible]		
U.S. Spot			[illegible]	

ZINC—Firmer on balance. [illegible]

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
S'ment	[illegible]	[illegible]		
Prim. west			[illegible]	

ALUMINIUM—Firmer in line with the trend in copper. [illegible]

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CONTRACTS AND TENDERS

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE—INVITATION TO TENDER

Tenders are invited for the supply and delivery f.o.b. stowed to an EEC port of:

(a) 7,500 tonnes soft wheat destined for Mozambique (Food Aid Action No. 56).

(b) 5,000 tonnes sorghum destined for Niger (Food Aid Action No. 57).

For both actions produce to be bagged in 50 kg bags marked "A Gift of Food Aid from the United Kingdom". In respect of both actions delivery to the EEC port shall be within a period of at least 15 days selected by the tenderer, this period beginning no earlier than 15 days after the latest date specified below for the submission of tenders.

The price for the supply and transportation costs of the soft wheat and sorghum will be determined on examination of the tenders which must be submitted by 12 noon on 15th February 1979 to:— Home Grown Cereals Authority
Hamlyn House, Highgate Hill, London N19 5PR.

Notices of Invitation to Tender in respect of Food Aid Actions Nos. 56 and 57 respectively may be obtained, together with Tender Forms from Branch B (Cereals), Internal Market Tendering Forms Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading. (Tel: Reading 583626.)

SILVER

Silver was fixed sharply higher in the London bullion market yesterday at 356.2p, a rise of 23.1p an ounce. [illegible]

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	356.2p	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
6 months	[illegible]	[illegible]		
12 months	[illegible]	[illegible]		

LME—Turnover [illegible]

COCOA

After initial easiness, Commission [illegible]

COCOA	Yesterday's Close	+ or −	Business Done
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: [illegible] lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): [illegible]

COFFEE

ROBUSTA coffee futures opened £5-£15 higher as Commission House buying prolonged the recent bullish trend, reported Drexel Burnham Lambert. [illegible]

COFFEE	Yesterday's Close	+ or −	Business Done
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]

Sales: 4,372 lots of 10 tonnes. ICO Indicator prices for Feb. 2 (U.S. cents per pound): [illegible]

GRAINS

LONDON FUTURES (GAFTA)—Grains opened 10p lower on old crops unchanged on new. [illegible] ACLI reported.

	WHEAT Yesterday's close	+ or −	BARLEY Yesterday's close	+ or −
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Nov.	[illegible]	[illegible]	[illegible]	[illegible]
Jan.	[illegible]	[illegible]	[illegible]	[illegible]

Business done—[illegible]

HGCA—Regional and UK average ex-farm spot prices for week ending Thursday, February 1. [illegible]

SOYABEAN MEAL

	Yesterday's Close	+ or −	Business Done
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]

Sales: 233 (100) lots of 100 tonnes.

RUBBER

ABOUT UNCHANGED opening on the London physical market. [illegible] Lewis and Peat reported the Malaysian godown price was 242 (241) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]

Sales: [illegible] lots of 5 tonnes. [illegible]

SUGAR

LONDON DAILY PRICES (raw sugar): [illegible]

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: [illegible]

WHITE SUGAR—Close (in order buyer, seller, business, sales): [illegible]

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). [illegible]

LONDON GREASY—Close (in order buyer, seller). [illegible]

NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller): [illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Feb. 5 1979	+ or −	Month ago
Metals			
Aluminium	£710		£710
Free market (cts)	[illegible]		$1,255/55
Copper cash W Bars	£993	[illegible]	£792.25
3 months do. do.	£1,001.5	[illegible]	£804.25
Cash Cathode	[illegible]	[illegible]	£775.25
3 months do.	[illegible]	[illegible]	£791.75
Gold troy oz	[illegible]	[illegible]	$235.375
Lead cash	£551	[illegible]	£467.5
3 months	[illegible]	[illegible]	£432.25
Nickel	[illegible]		[illegible]
Free Market (cif)(lb)	[illegible]		$1.65
	[illegible]		1.76
Platinum troy oz	[illegible]		£152
Free Market	£203.15	+7.95	£171.2
Quicksilver	[illegible]		$120/30
Silver troy oz	356.2p	+23.1	297.1p
3 months	[illegible]	[illegible]	304.9p
Tin cash	[illegible]	[illegible]	£6,995
3 months	[illegible]	[illegible]	£6,938
Tungsten	[illegible]	[illegible]	$140.59
Wolfram 22.04 lb cif	[illegible]	[illegible]	$132/37
Zinc cash	£394.5	[illegible]	£548.5
3 months	[illegible]	[illegible]	£559.25
Producers	[illegible]		$780
Oils			
Coconut (Phil)	[illegible]	[illegible]	$956
Groundnut	[illegible]		[illegible]
Linseed Crude	[illegible]		£558
Palm Malayan	[illegible]	[illegible]	$615
Seeds			
Copra Philip	[illegible]	[illegible]	$650
Soyabean (U.S.)	[illegible]	[illegible]	$284.4
Grains			
Barley Futures	[illegible]	[illegible]	£86.15
Maize French No. 3 Am	[illegible]	[illegible]	[illegible]
Wheat No. 1 Red Spring	[illegible]		£97.25
No. 2 Hard Winter	[illegible]		£85
Eng. Milling	[illegible]		£92.5
Other Commodities			
Cocoa shipment	[illegible]	[illegible]	£2,820
Future May	[illegible]	[illegible]	£1,964
Coffee Future Mar	[illegible]	[illegible]	£1,369.5
Cotton 'A' Index	[illegible]	[illegible]	78.8c
Rubber kilo	[illegible]	[illegible]	55.5p
Sugar (Raw)	[illegible]	[illegible]	£86
Wooltops 64s kilo	[illegible]		268p

* Nominal. † New crop. ‡ Unquoted. [illegible] indicator.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets [illegible]

SMITHFIELD—Pence per pound. [illegible]

AMERICAN MARKETS

NEW YORK, Feb. 5.

Cocoa—March 149.75 (147.00), May 151.75 (149.45), July 153.95, Sept. 155.80, Dec. 158.80, March 160.80, May 161.80. Sales: 630.

Coffee—"C" Contract: March 127.75 (128.75), May 124.70-124.75 (128.14), July 124.25-124.40, Sept. 123.75-124.00, Dec. 122.50, March 120.52-121.50, May 120.31 asked, July nil. Sales: 1,370.

Copper—Feb. 84.95 (83.25), March 85.30 (83.10), April 85.40, May 85.50, July 85.40, Sept. 85.30, Dec. 85.10, Jan. 85.00, March 84.90, May 84.75, July 84.65, Sept. 84.50, Dec. 84.40.

*Platinum—April 405.70 (395.70), July 406.70 bid (396.70), Oct. 407.80 bid, Jan. 409.30 bid, April 410.40 bid, July 411.40 bid, Oct. 416.00.

Potatoes (round whites)—March 57.5-57.6 (57.0), April 60.3-60.5 (59.7), May 67.8-68.0, Nov. 55.5-56.5, March unquoted, April unquoted. Sales: 737.

¶Silver—Feb. 717.00 (662.00), March 711.90 (691.90), April 715.20, May 718.50, July 725.90, Sept. 733.50, Dec. 745.40, Jan. 749.60, March 758.00, May 766.40, July 774.80, Sept. 783.20, Dec. 796.40. Handy and Harman spot 714.00 (671.00).

CHICAGO, Feb. 5.

Lard—Chicago loose 24.00 (24.25). New York prime steam 25.50 nom. (25.75 traded).

‡‡Maize—March 235¼-235¾ (234¼), May 244½-244½ (243), July 249¾-249¾, Sept. 252-251½, Dec. 255½-255¼, March 263.

Plywood—March 217.3-216.6 (216.5), May 217.7-217.8 (217.0), July 215.0-217.8, Sept. 215.9, Nov. 211.8, Jan. 211.0, March 212.0.

Shell Eggs—Feb. 58.10-58.15, March 55.75 asked, April 52.05, May 49.80, Sept. 58.00. Sales: 130.

Silver—Feb. 716.0-717.0 (698.0), March 713.5 bid (693.5), April 718.5-718.5 bid, June 726.2 bid, Aug. 733.9 bid, Oct. 741.7 bid, Dec. 749.6 bid, Feb. 757.7 bid, April 766.1 bid, June 774.8 bid, Aug. 783.8 bid, Oct. 793.0 bid, Dec. 802.5 bid, Feb. 812.2 bid, April 822.1 bid, June 832.2 bid, Aug. 842.5 bid.

‡Soyabeans—March 725½-724 (713½), May 738-736 (732½), July 747½-746, Aug. 745-741, Sept. 710, Nov. 688-689½, Jan. 695¼, March 703½-704.

‖Soyabean Meal—March 194.50-194.30 (193.20), May 197.30-197.00 (195.20), July 199.50-199.00, Aug. 199.80-199.70, Sept. 197.50-198.00, Oct. 192.00-191.50, Dec. 191.30-191.20, Jan. 191.20 asked.

Soyabean Oil—March 26.35-26.30 (25.07), May 26.50 (26.18), July 26.56-26.50, Aug. 26.45, Sept. 25.65, Oct. 25.10-25.15, Dec. 24.85-24.90, Jan. 24.80-24.75, March 24.75.

‡Wheat—March 255½-258½ (354½), May 336¼-336 (320¾), July 317½, Sept. 319½-320, Dec. 330¾-330½, March 341¾.

WINNIPEG, Feb. 5. §Rye—May 104.50 bid (101.00 bid), July 105.90 asked (100.60 bid), Oct. 104.00 bid, Dec. 104.00.

§Oats—March 86.50 (86.00 bid), May 84.20 (83.60), July 83.10 asked, Oct. 83.50 asked, Dec. 83.60.

§Barley—March 78.40 (77.70), May 79.60-79.70 (78.70), July 81.60 asked, Oct. 84.80 asked, Dec. 84.70 bid.

§Flaxseed—May 342.20 bid (338.00 bid), July 336.90 bid (332.70), Oct. 334.50 asked, Nov. 330.00 asked, Dec. 327.50 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 189.05 (188.55).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. ‡ Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM—Feb. 5.

U.S. No. 2 Dark Hard Winter wheat 13.5 per cent, Mch. $157. U.S. Hard Winter wheat ordinary Mch./Apl. $155. U.S. No. 2 Red Winter wheat Mch. $151, Apl. $153, May $152. U.S. No. 2 Northern Spring wheat 14 per cent. Feb. $169, Mch. $165, Apl./May $144.50.

MAIZE—U.S. No. 3 Corn Yellow Apl. $120, Feb. $118.50, Mch. $117.50, Apl./Jne. $116.75, Jly./Sep. $116.75, Oct./Dec. $117.

RYE—U.S. No. 2 Canadian Western Apl./May $111.

OATS—Norwegian Feb. $107. 2/40 U.S.—unquoted. U.S./Plate—Feb. $91.25, Apl. $100. Swedish—Spots $95.50. 1/Canadian feed—unquoted.

SORGHUM — Argentinian/U.S.—AFL $117, Feb. $118, Mch $117, Apl./Jne. $107.

Soyabeans U.S. 2 Yellow Gulfports—Afloat $288, Feb. $290.75, Mch. $292.25, Apr. $295.75, May $296, June July Aug. $298, Sept. $297.75, Oct. $279.50, Nov. $277.50, Dec. $281.25, Jan. $284.75, sellers. U.S./Brazil—unquoted. Lakes—unquoted. Argentina—May $285.50, June $286.75 sellers.

Linseed Canadian one Atlantic—Apr./May $320.50, May/June June July July/Aug. $315.75, Oct./Nov. 312.50, Nov./Dec. $313.50 sellers. Pacific—unquoted. U.S. one—unquoted. Argentine—unquoted.

Sunflowerseed U.S./Canadian—Apr./May May/June $334, Oct./Nov. $286 sellers.

PARIS, Feb. 5.

Cocoa (FFr per 100 kilos)—March 1375-1384, May 1412-1413, July 1820-1870, Sept. 1470-147, Dec. 1481-1500, March 1500 asked. Sales at call 4. Accumulative total 24.

Coffee (FFr per 100 kilos)—March 1208-1220, May 1155-1159, July 1081-1100, Sept. 1040-1045, Nov. 1007-1018, Jan. 930-1000, March 957-985. Sales at call 1. Accumulative total 69.

Sugar (FFr per 100 kilos)—March 846-849, May 878-879, July 892-900, Aug. 920-929, Oct. 953-955, Nov. 940-950, Dec. 970-980, March 1000-1020. Sales at call nil.

INDICES

FINANCIAL TIMES

Feb. 2	Feb. 1	M'nth ago	Year ago
265.23	262.85	259.09	227.56

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Feb. 2	Feb. 1	Month ago	Year ago
Spot	375.40	375.14	384.06	348.56
F'tur's	370.41	369.18	—	—

(Average 1924-25-26=100)

MOODY'S

Feb. 5	Feb. 1	M'nth ago	Year ago
1018.5	1011.4	977.8	896.6

(December 31, 1931=100)

REUTERS

Feb. 5	Feb. 2	M'nth ago	Year ago
1530.7	1516.6	1491.8	1399.8

(Base: September 18, 1931=100)

MEAT COMMISSION — Average fatstock prices at representative markets on February 5. G.B. cattle 72.20p per kg l.w. (−0.95). U.K. sheep 145.0p per kg est.d.c.w. (+0.6). G.B. pigs 60.4p per kg l.w. (−1.5). England and Wales: Cattle numbers up 25.6 per cent, average price 72.50p (−1.18). Sheep numbers up 19.5 per cent, average price 144.5p (+3.4). Pig numbers up 2.7 per cent, average price 60.3p (−1.6). Scotland: Cattle numbers up 17.6 per cent, average price 69.83p (−0.44). Sheep numbers down 8.3 per cent, average price 145.9p (+8.0). Pig numbers up 27.1 per cent, average price 64.8p (no change).

English produce: Potatoes—Per 25 kilos 1.50-1.80. Lettuce—Per 12 round 1.80-1.80. Mushrooms—Per pound 0.55-0.66. Apples—Per pound Bramley 0.04-0.12; Cox's Orange Pippin 0.06-0.15; Spartan 0.05-0.09. Pears—Per pound Conference 0.09-0.14, Comice 0.18-0.22. Cabbages—Per net 2.30-2.40. Beetroot—Per 28-lb 0.80. Carrots—Per 28-lb 0.80-1.20. Onions—Per bag 1.80-2.30. Rhubarb—Per pound 0.20-0.22. Swedes—Per 28-lb 1.00-1.20. Turnips—Per 28-lb 1.20-1.40. Parsnips—Per 28-lb 1.20-1.30. Sprouts—Per pound 0.07-0.10.

LONDON STOCK EXCHANGE

Equities heed Gilt weakness and turn distinctly easier but Mining issues respond to soaring commodity prices

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
Jan. 15	Jan. 25	Jan. 26	Feb. 6
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

Heeding the international and domestic events which they had surprisingly tended to disregard in recent weeks, the equity sections in stock markets yesterday turned distinctly easier. The market in Gilt-edged securities, meanwhile, took its falling trend on inflationary and interest rate fears to its sixth successive day.

Further gloomy economic forecasts, the threat of a total strike at BL Cars, and the larger-than-expected first-quarter cutback in British Petroleum's crude oil supplies added to current nervousness over the labour crisis and resulted in a downward adjustment in leading industrials at the outset.

For a while, the general price level held at slightly lower values but the tendency quickly wilted when recent buyers of secondary issues decided there were profits to be taken and changed to the selling tack. The leaders picked up the weaker trend almost immediately and, although overall selling pressure was described as relatively light, double-figure falls began to appear.

The FT Industrial Ordinary share index was showing a fall of 8.1 at 1 p.m., but occasional bear-closing just before and after the official close of business reduced price falls and the index ended a net 6.8 down at 460.7, its lowest closing level since July 7 of last year. Business increased and official markings, at 5,086, were the highest for a month.

Fresh selling was induced of Gilt-edged securities, particularly of longer-dated stocks which, after staging a modest rally, reverted to the lowest of the day on disappointment with the January Wholesale Prices indices. Final losses in the area extended to ½ as in Treasury 14½ per cent 1994, at 100¼. The shorter maturities were less vulnerable and fluctuated narrowly before ending just a shade lower.

Mining issues responded sharply to the boom in commodity prices. South African Gold shares rose 1½ points and occasionally more in the wake of the soaring bullion price—up $13½ at $244¾—while precious and base-metal producers enjoyed continued firmness with Platinums again notable.

The investment currency premium drifted lower in fairly busy two-way trading on sterling considerations to close a net 2¼ down at 94¾ per cent. Yesterday's SE conversion factor was 0.6704 (0.6688).

Reflecting a surge in the gold bullion price, Consolidated Goldfields attracted a good traded option business and recorded 236 contracts out of the overall total of 706.

Banks down

Talk that the major clearing banks will soon raise their base rates unsettled the big four which proceeded to drift lower on small selling and lack of support. Lloyds lost 8 to 283p, while Barclays ended a similar amount easier at 375p. Still reflecting the disappointing interim statement, Guinness Peat gave up 5 more to 110p. Dearer money fears brought easier conditions to Hire Purchases.

Insurances were again featured by renewed weakness in Christopher Moran, which fell 6 for the second day running to a 1978-79 low of 39p. Dull spots in Composite included Sun Alliance, which fell 12 to 496p.

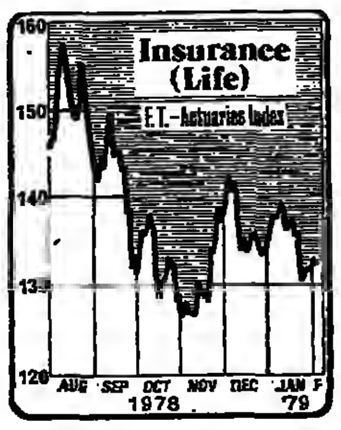
After a dull opening, Brewery and kindred issues met a little support and held steady at slightly lower levels. Bellhaven added a penny to 42p following the emergence of buyers. In Distilleries, Arthur Bell were particularly dull at 174p, down 8.

Building descriptions drifted lower from the outset. Blue Circle, a firm market of late, relinquished 6 at 260p and Tunnel "B" finished 8 down at 292p. In Constructions, Costain issues came on offer, the ordinary and deferred shed 6 apiece to 160p and 120p respectively. On suggestions that the company's Iranian losses might be less severe than expected, George Wimpey hardened a penny to 73½p. Vibroplant firmed 4 to 217p in response to the higher interim profits, and, reflecting Press comment, Manders touched 114p before settling 3 up on balance at 109p. The absence of an increased offer from Norcros prompted profit-taking in Johnson-Richard Tiles which ran back 6 to 132p but Brown and Jackson, in a thin market, added 5 to 275p, after 280p.

ICI displayed a marked resilience to the dull trend, and, after a reasonable trade closed 2 cheaper at 353p. By contrast, turnover in Fisons remained small with the close 5 easier at 303p.

Leading Stores succumbed to the general dull trend with Marks and Spencer closing 3 down at 84p. Elsewhere, profit-taking after the recent good rise ahead of next Tuesday's interim results left MFI Furniture 7 cheaper at 200p. Cautious Press comment clipped a penny from Bolton Textile at 21p and Excalibur Jewellery softened a fraction to 18½p in reaction to the lower first-half earnings. Wilkinson Warburton, on the other hand, firmed 4 to 98p following renewed demand in a thin market.

Electricals took a distinct turn for the worse, with many of the recent high-fliers recording fairly substantial losses. Racal dipped 12 to 342p, while other Electronic issues to show falls of around 10 included Farnell, 410p, Ferranti, 363p, and Electrocomponents, 330p. Unitech, a good market of late, ran back 3 to 178p, awaiting today's interim results. GEC were unsettled by the proposed cut back in Iranian defence spending and eased to 318p initially before closing 2 cheaper on balance at 322p.



Sporadic selling of the Engineering leaders found the market unwilling. Hawker Siddley were particularly dull and reacted to 200p before rallying to settle at 204p for a fall of 10. Losses of 6 were marked against John Brown, 386p, and Tubes, 354p, while GKN eased 5 to 238p. Elsewhere, Baker Perkins, a good market of late on bid hopes, shed 4 to 162p, but favourable Press mention left Acrow, 106p, and Adwest, 290p, up 2 apiece. Mining Supplies improved 5 to 131p awaiting tomorrow's interim figures. In contrast, Whessoe, the subject of recent favourable comment, reacted 4 to 97p.

Among Foods, Tate and Lyle eased 4 to 142p, but Spillers improved a penny to 35p on Press comment highlighting bid possibilities. Grain merchants Sidney C. Banks attracted buyers, and, in a limited market, put on 8 to 97p.

A good market since last Thursday's annual results, Trust Houses Forte met profit-taking and eased 8 to 263p, after 260p. Ladbroke gave back nearly all of Friday's late rise of 6 at 174p.

ICL react

Miscellaneous Industrial leaders started the week with price falls to 5. Glaxo lost that much to 475p, after 473p, while Pilkington declined a similar amount to 285p and Beecham softened 3 to 612p, after 608p. In secondary issues, stocks which have performed particularly well of late fell away sharply on profit-taking. ICL, for example, lost 20 to 442p and Sotheby's relinquished 15 at 372p. Marshalls Universal fell 8 to 140p and De La Rue, 353p, and Maynards, 135p, dipped 7 apiece. Alpine Holdings, up 17½ last week, reacted 5 to 95p. Stormgard, however, saw buying in a thin market and closed 5 to the good at 12p, while Tebbitt were also wanted at 12p, up 1½. Polymark gained 2½ to 54½ in response to Press comment, while M.Y. Dart put on 3 to 55p.

Motor Components generally closed lower following the threat of a major stoppage at British Leyland. Lucas slipped 7 to 270p, and Dowty, following Friday's rise of 9, lost 6 to 263p; Dowty's interim results are expected tomorrow. Sopra touched 55p before ending a net penny better at 54p on favourable Press comment. Elsewhere, conditions were dull although the level of business was negligible. British Car Auctions, a firm market of late, eased 4 to 64½p. Rolls-Royce finished a couple of pence lower at 95p as support diminished following the cutback in Iranian defence orders.

Following the rejection of Wereldhave's latest 46p per share cash bid, dealings resumed in English Property at 47p, and, after a brisk two-way trade, the price settled at that level compared with the suspension price of 44p. Other leading Properties encountered a little profit-taking, but losses were usually confined to a few pence. The possibility of higher interest rates failed to deter buyers of selected secondary issues where Moorview Estates, 110p, and Evans of Leeds, 99p, both gained 4. Warner Estates rose 8 to 158p and Property Partnerships 5 to 120p. In contrast, recently firm Haslemere encountered profit-taking, the Ordinary easing 6 to 248p and the new nil paid 5 to 30p premium.

Oils firm

Oil shares moved against the general trend. Among the leaders, a rise of 10 to 936p in British Petroleum mainly reflected Wall Street advices. Shell traded quietly, but eventually edged up to close a few pence dearer at 590p. Elsewhere, weekend Press comment on the full report enlivened interest in Lasmo which advanced to 158p before closing at 152p for a gain of 8; the OPS rose 15 to 395p, while Cawoods firmed 7 to 150p.

Advance in Mines

The continuing boom in base-metal prices and a burst of strength in precious metal prices enabled mining issues to stage a broad advance.

A weakening in the dollar pushed the gold price up $13.25 to $244.625 per ounce and prompted a heavy demand for South African gold shares.

Prices opened on a firm note and thereafter staged a rapid advance fuelled by persistent and heavy American buying. The Gold Mines index climbed 9.5 to 181.4 its highest point since mid-September last year, while the ex-premium index put on 6.6 to 121.6.

Gains in the heavyweights ranged up to £1½ as in Vaal Reefs, £17, and West Driefontein, £24½, while Randfontein were a point higher at £35¼ and Buffels a half-point better at £10¼.

In the medium-priced issues rises of between 30 and 45 were common to Doornfontein, 323p, Kloof, at a 1978-79 high of 686p, Libanon, 578p and Southvaal, 543p. Among the marginals South African Land advanced 5½ to 80½p.

A sharp rise in the free market platinum price encouraged a good demand for Rustenburg, 10 better at a 1978-79 high of 154p. Lydenburg 8 firmer at 100p and Impala, a like amount up at 226p.

The boom in base-metal prices, particularly copper, which penetrated the £1,000 a tonne level for the first time since mid-1974, led to further widespread gains among base-metal producers.

Despite a sharp decline in UK equities Rio Tinto-Zinc rose 6 more to a 1978-79 high of 284p, while Gold Fields added 4 to 204p and Selection Trust 8 to 504p.

Overseas copper producers showed Roan Consolidated another 10 up at a high of 110p, Messina 7 better at 104p and Palabora 30 firmer at 600p. Vogels, the South African base-metals investment concern, jumped 12 to 95p.

Australians attracted a good London demand. North Broken Hill and Western Mining were both 4 higher at 141p and 189p respectively, while EZ Industries, 8 better at 300p, responded to favourable Press mention.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	13	936	+10	954	720
ICI	£1	11	353	− 2	421	328
Shell Transport	25p	11	590	+ 2	602	484
RTZ	25p	10	284	+ 6	284	164
Guthrie Corp.	£1	9	432	− 3	450	211
LASMO	25p	9	152	+ 8	190	124
Barclays Bank	£1	8	375	− 8	398	296
GEC	25p	8	322	− 2	349	233
Marks & Spencer	25p	8	84	− 3	94	67½
BAT Defd.	25p	7	278	− 4	304	227
Beecham	25p	7	612	− 3	726	581
Distillers	50p	7	207	− 3	215	163
Land Secs. Inv.	50p	7	255	− 2	260	190
Tate & Lyle	£1	7	142	− 4	218	142
Unilever	25p	7	542	—	602	476

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 20	Mar. 5	May 17	May 30
Jan. 23	Feb. 5	Apr. 19	May 1
Feb. 6	Feb. 19	May 3	May 15

For rate indications see end of Share Information Service

Call options were completed in Edgar Allen Balfour, AGB, P & O Deferred, Bank and Commercial, Lonrho, Consolidated Gold, Westland, John Foster, Bolton Textile, Town and City, EMI, Barker and Dobson, Laurence Scott, Tricentrol, LASMO, Spillers, and Associated Biscuits. No puts were reported, but doubles to be completed included Bolton Textile, Bank and Commercial and Pacific Copper.

FINANCIAL TIMES STOCK INDICES

	Feb. 5	Feb. 2	Feb. 1	Jan. 31	Jan. 30	Jan. 29	A year ago
Government Secs.	65.57	65.80	66.04	66.97	66.30	66.54	74.05
Fixed Interest	66.91	67.21	67.74	67.93	67.08	67.98	76.02
Industrial	460.7	467.3	468.5	467.7	466.0	463.3	458.1
Gold Mines	181.4	171.9	166.9	168.2	167.3	168.9	151.0
Gold Mines (Ex-$ pm)	121.6	116.0	118.3	112.4	113.0	113.7	114.8
Ord. Div. Yield	6.21	6.14	6.14	6.15	6.19	6.22	5.63
Earnings, Y'ld % (full)	16.34	16.07	16.06	16.11	16.20	16.38	17.78
P/E Ratio (net) (*)	7.98	8.07	8.08	8.05	8.01	7.96	7.97
Dealings marked	5,086	4,835	4,083	4,295	4,555	4,867	6,411
Equity turnover £m.	—	84.77	88.21	56.24	66.93	57.15	63.89
Equity bargains total	—	13,675	15,640	11,657	13,343	12,413	13,764

10 am 464.0. 11 am 462.8. Noon 460.4. 1 pm 459.2. 2 pm 459.2. 3 pm 458.6.
Latest Index 01-246 8026.
*Nil=7.76.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	65.57 (5/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (6/1/78)	66.91 (5/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8/78)	130.3 (2/3/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.3 (13/4/78)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Feb. 5	Feb. 2
—Daily		
Gilt Edged	161.3	120.6
Industrials	168.9	171.1
Speculative	51.1	41.0
Totals	116.9	110.1
5-day Av'r'ge		
Gilt Edged	134.7	127.0
Industrials	156.5	102.0
Speculative	33.2	50.4
Totals	104.0	100.3

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (54)

[illegible]

NEW LOWS (85)

[illegible]

RISES AND FALLS

	Up	Down	Same
British Funds	4	66	16
Corpns., Dom. and Foreign Bonds	1	15	48
Industrials	163	580	788
Financial and Prop.	70	180	298
Oils	12	7	19
Plantation	3	9	23
Mines	86	10	45
Recent Issues	5	15	16
Totals	334	872	1,207

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	850	100	4	133	—	140	—	833p
BP	900	63	20	95	—	103	—	"
BP	950	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	1000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section — Mon., Feb. 5, 1979

	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri. Feb. 2	Thurs. Feb. 1	Wed. Jan. 31	Tues. Jan. 30	Year ago (approx.)
1 CAPITAL GOODS (172)	229.54	−1.3	17.62	5.80	7.76	232.60	232.04	230.71	230.04	198.75
2 Building Materials (28)	204.32	−1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	346.82	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	559.55	−1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (73)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11 CONSUMER GOODS (DURABLE) (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Lt. Electronics, Radio, TV (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Motors and Distributors (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GOODS (NON-DURABLE) (170)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (40)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (57)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	224.89	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Mon. Feb. 5	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	101.27	−0.02	—	0.76
2 5-15 years	105.10	−0.58	—	0.89
3 Over 15 years	108.55	−0.98	—	1.37
4 Irredeemables	117.07	−0.46	—	0.80
5 All stocks	104.87	−0.24	—	0.99

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

		Mon. Feb. 5	Fri. Feb. 2	Year ago (approx.)
1 Low Coupons	5 years	10.48	[illegible]	[illegible]
2	15 years	12.22	[illegible]	[illegible]
3	25 years	12.98	[illegible]	[illegible]
4 Medium Coupons	5 years	13.61	[illegible]	[illegible]
5	15 years	13.70	[illegible]	[illegible]
6	25 years	13.81	[illegible]	[illegible]
7 High Coupons	5 years	14.25	[illegible]	[illegible]
8	15 years	14.18	[illegible]	[illegible]
9	25 years	14.28	[illegible]	[illegible]
10 Irredeemables		12.67	[illegible]	[illegible]

	Mon., Feb. 6 Index No.	Yield %	Fri. Feb. 2	Thur. Feb. 1	Wed. Jan. 31	Tues. Jan. 30	Mon. Jan. 29	Fri. Jan. 26	Thur. Jan. 25	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	58.75	14.04	62.89	63.06	63.94	64.09	64.09	64.20	64.20	63.16
16 Investment Trust Prefs. (15)	48.24	14.57	48.93	49.92	50.12	50.12	50.76	50.76	50.76	57.13
17 Coml. and Indl. Prefs. (20)	69.80	13.44	70.20	70.82	71.14	71.14	71.26	71.49	71.49	77.77

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

E. F. Winchester Fund Mngt. Ltd.
Old Jewry, EC2. 01-606 2167

Great Winchester	18.0	19.4	.....	4.94
Gt. Winchester O'seas	18.2	20.5	.....	4.38

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	68.3	73.4	.....	7.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	68.4	71.9	.....	4.34

CORAL INDEX: Close 458-463

INSURANCE BASE RATES

†Property Growth 12%
†Vanbrugh Guaranteed 12.12%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	167.0	177.0	.....	—

As at Dec. 29. Next sub. day Jan. 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$291.89	.....	2.60
Jardine J'pn.Fd.*	HK$415.66	.....	0.80
Jardine S.E.A.	$US17.59	.....	2.00
Jardine Flem.Int.	HK$12.02	.....	—
Intl.Pac.Secs.(Inc.)	HK$13.67	.....	—
Do (Accum.)	HK$13.86	.....	—

NAV Jan. 15 *Equivalent US$87.38. Next sub day January 31.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy.C.I. 0534 73741

CMF Ltd. Jan. 25	$US14.45	14.82	.....	2.90
CMT Ltd. Jan. 25	£14.81	£15.20	.....	2.80
Metals Tst. Jan. 18	£12.93	13.25	.....	6.30
TMT Jan. 11	$US10.16	10.94	.....	2.86
T.M.T. Ltd. Jan. 11	£18.57	10.84	.....	1.26

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US15.97	+0.04	—

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015

Wren Commod. Tst.	111.7	112.8	.....	—

NOTES

Prices do not include $ premium, except where indicated ♣, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ♯ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
97	94⅝	Treasury 3pc '79‡‡	95½	+¼	3.14	10.76
97¾	95¼	Electric 4¼pc '74-79	96⅛	+⅛	4.42	10.65
104¾	98⅜	Treasury 10½pc '79‡‡	98⅞	+⅛	10.67	10.67
96½	94½	Electric 3½pc '76-79	94⅝	+⅛	3.70	10.88
103⅝	96⅛	Treasury 9pc 1980‡‡	96⅛xd	−⅛	9.36	12.95

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	.....	—	—
41	33	Do. 5pc Pref......	40	..	—	—
98	98	Chilean Mixed	98	..	—	13.10
22	6	Chinese 4½pc 1898	19½	....	—	—
35	4½	Do. 5pc 1912	31	.	—	—
20½	4½	Do. 5pc 1925 Boxer	18½	...	—	—
415	350	German Yng. 4½pc	415	....	4½	—

BONDS & RAILS—Cont.

AMERICANS

CANADIANS

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INVESTMENT TRUSTS—Cont.

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PAPER, PRINTING ADVERTISING

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RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	9	Acmex	13	......	—	—	23.0
160	64	Bougainville 50 Toea	160	+3	†Q8c	1.4	3.1
139	63	BH South 50c	139	......	—	—	—
820	150	Central Pacific	450	......	—	—	—
336	148	Conzinc Riotinto 50c.	312	+4	‡Q10c	2.2	‡
32	19	Cultus Pacific N.L.	27	......	—	—	—
27	9½	Endeavour 20c	19	......	—	—	—
82	45	G.M. Kalgoorlie $1	76	+2	—	—	—
68	18	Haoma Gold N.L.	36	......	—	—	—
158	81	Hamptn Areas 5p.	152#	......	♦3.55	2.0	3.5
40	10	Metals Ex. 50c	35½	+1½	—	—	—
275	125	M.I.M. Hldgs. 50c	279	......	†Q9c	1.7	2.0
22	10	Minefields Expl.	15	......	—	—	—
74	10	Mount Lyell 25c	73	+1	—	—	—
56	12	Newmetal 20c	24	−2	—	—	—
143	79	North B. Hill 50c	141	+4	Q8c	1.3	3.5

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¾	$10¼	Buffels R1	$13⅝	+1	Q190c	♦	16.1
$11⅞	830c	East Drie R1	$11⅛	+⅞	Q115c	♦	11.9
585c	330c	East Rand Prp. R1	428c	+13	Q10c	—	—
$28⅜	$16½	F.S. Geduld 50c	$23⅝	+1⅞	Q315c	2.4	15.4
$15⅝	975c	Pres. Brand 50c	$13⅜	+⅝	Q150c	3.2	12.9
$13⅜	900c	St. Helena R1	$13	+⅜	Q190c	1.4	16.8
500c	313c	Stilfontein 50c	500c	+20	Q66c	2.3	15.2
$22⅞	$16¼	Vaal Reefs 50c	$22⅞	+2⅜	Q280c	♦	14.1
$37	$25	West Drie R1	$33	+2½	†Q385c	1.7	13.4
$31¼	$19	West Hldgs. 50c	$29	+1½	Q415c	1.4	16.4
$13	895c	Western Deep R2	$12⅝xd	+⅞	Q147½c	2.4	13.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✱ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	51	......
Ash Spinning	108	......	Sheff. Refrshmt.	70	......
Bertam	21	+1½	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	327	......			
Clover Croft	28	......	IRISH		
Craig & Rose £1	615	......	Conv. 9% '80/82	£88½	−⅛

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday February 6 1979

BL Cars stewards vote for total strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS senior shop stewards voted overwhelmingly in Coventry yesterday to call a total strike by the 100,000 manual workers. Mass meetings will be held at all 34 plants to consider the decision, and the stewards will meet again next Monday.

The proposed action is in protest at the company's insistence that production has not been sufficient to justify agreed parity payments.

The shop stewards' decision came under fire last night from Sir Keith Joseph, Tory spokesman on Industry, who called for a secret ballot to be held "before this madness goes ahead."

The strike was also opposed by Mr. Roy Sanderson, the Electrical and Plumbing Trade Union's national officer for engineering.

He emphasised that the sums involved in the loss of parity payments were marginal by comparison with the loss of pay that would result from strike action.

"Strike action at this time will not only involve considerable and unnecessary loss of earnings, but would also threaten UK car workers' jobs and inevitably strengthen foreign competition," he said.

But Mr. Phil Povey, the acting Amalgamated Union of Engineering Workers' national executive member for the Midlands, said: "The men feel betrayed. They believe the time has come to take a stand."

Mr. Pat Lowry, personnel director of BL, made it clear in Coventry later that there could be no concessions. "We cannot afford a Ford-type strike. We cannot expect to go through that kind of trauma and survive."

Main hope

Over the next few days the company would be "taking every step to impress on employees that to be misled now into taking strike action over the parity issue would be one of complete and utter folly."

The management's main hope appears to be that shopfloor workers will heed the warnings and pull back from strike action. Mr. Michael Edwardes, the BL chairman, has earned a reputation for carrying through tough action.

Plants where support is likely to be weakest are at Triumph and Jaguar, Coventry, two high-pay factories that stand to gain little from the parity programme. Should there be splits between plants and difference groups of workers the strike call will begin to lose credibility.

Mr. Ray Horrocks, managing director of Austin-Morris, said the company would be relying on the workers to make a sensible evaluation of the situation. The productivity targets to trigger parity payments were "sensible and reasonable."

Performance is being measured against output in 1977, the worst for five years when average output per man was 5.77 cars. In order to backdate payments—worth up to £10 a week for some workers—to November last year output should have been at 6.1 cars in the period to April this year.

According to management, performance fell to 3.8 cars in November because of the strike at the Drews Lane, Coventry component factory and 5.2 in December. In January, partly because of the road haulage strike, production dropped to 5.1 cars.

Mr. Lowry promised that every effort would be made to ensure parity payments would be restored "as soon as possible."

Output at 7.3 cars would be required this month and in March to back-date payments to November, and such a performance is regarded as unrealistic.

However, output at 6.4 cars could trigger the payment from January and 6.1 from February.

Tories take 19% lead in poll

BY RICHARD EVANS AND RICK GARNETT

THE ELECTORAL disaster that faces the Government if it is forced into an early election is shown in the latest opinion poll which gives the Conservatives a substantial lead.

The poll, by Market and Opinion Research International, shows that 55 per cent of the electorate intend to vote Conservative compared with 36 for Labour, and 6 per cent for the Liberals.

A Tory lead of 19 per cent would mean a landslide victory for Mrs. Thatcher.

The stark message of the poll, published in today's Daily Express, is that the industrial unrest of the past few weeks and the breakdown in the relationship between the Government and the trade unions has done Labour immense electoral harm.

It makes it more vital than ever for Mr. Callaghan to reach a meaningful agreement with the trade unions on a new social contract that Labour will be able to sell to the electorate.

It also makes it more likely that the Prime Minister will want to put as much distance as possible between the present industrial strife and a general election.

His personal inclination will be to try to retain power through the summer and to hold an election in late September or October.

The signs last night, following four hours of talks at 10 Downing Street between Mr. Callaghan and other Ministers and TUC leaders were that an agreement will be reached by tomorrow week.

This is a week later than planned because of a request for more time from union leaders, and despite claims that considerable progress has been made a lot of detailed drafting remains to be done. The real political worth of any agreement is still unclear.

Ministers and members of the TUC economic committee are in the process of rewording a wide-ranging document drawn up by Treasury and union officials on economic and industrial relations issues to go before the TUC General Council next week.

Yesterday's talks made some progress on picketing, disputes procedures, the possibility of a relativities and anomalies board and a general statement on the level of pay settlements.

A firm document is likely to include an agreement that picketing should be confined to companies in direct dispute and to their suppliers. Both sides have also been discussing secret ballots and the possibility of stressing that unions ensure that facilities for secret ballots are included in their rules.

There appears to be consensus that the document should include reference to the setting up of a pay anomalies and differentials board.

There also appears to be some possibility that any agreed document will include a very general cautionary warning about the problems caused by escalating settlements during a pay round.

This is likely to be worded, however, in a way that will not cut across pay negotiations for miners, power workers and other groups still to settle. Some form of three-year inflation target has also been discussed.

Although Labour MPs were clearly taken aback by the message of the poll, they hoped it would make an agreement more likely as the prospect of a possible Labour humiliation at the polls was brought home.

The poll's figures of 55 per cent for the Tories and 36 per cent for Labour compares with a much more even distribution last November when 47 per cent proposed to vote Tory and 45 per cent Labour.

Richardson defends role of banks and Euromarkets

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE INTERNATIONAL banking system and the Euromarkets do not by themselves pose a threat to world economic and financial stability, Mr. Gordon Richardson, Governor of the Bank of England, said last night.

He told the annual banquet of the Overseas Bankers' Club in London that his prejudice was "against executing the messenger: that is taking action to reduce the efficiency or scope of the intermediaries, rather than examining more fundamental questions, such as the appropriateness of monetary and fiscal policies and the extent and causes of maladjustments in the system."

The speech contrasts with calls by Herr Karl-Otto Poehl, vice-president of the West German Bundesbank, and senior U.S. officials for greater controls over and supervision of Euromarkets.

Mr. Richardson discussed in detail the extent to which the international banking system itself was a cause of concern and concluded that the markets were "essentially an alternative channel for financial flows—a very visible and a very efficient channel, but a channel nevertheless—rather than a separate monetary engine."

He argued that "what determines the extent to which funds will move is not the nature of any particular channel for them but the position and prospects for the U.S. economy and U.S. policy on the one hand and those in other major countries on the other."

After discussion the role of the banks in recycling the surpluses of the oil-producers after 1974, Mr. Richardson highlighted the different problems now of imbalances within the industrialised world.

He stressed that, in view of the size and persistence of surpluses on current account, much more remained to be done on the capital account by countries such as West Germany, Japan and Switzerland.

"As long as large surpluses on current account persist, there will probably be a need for banks in the surplus countries and in the international markets to play a major recycling role."

On the other main area of concern, the risk of international banking, he defended the existing approach of regarding the international markets as primarily extensions of domestic markets with central banks supervising the lending activities of banks of their own nationality.

Mr. Richardson also stressed the need for an increasing role for official finance, especially from the International Monetary Fund, to help guide deficit countries towards adjustment—a theme also discussed by M. Jacques de Larosière, the managing director of the IMF, and the other main speaker at the banquet.

M. de Larosière highlighted, as did Mr. Richardson, the progress already made in the adjustment process between the current account deficit of the U.S. and the surpluses in a number of European countries and Japan.

Metro-Cammell wins £50m. rail car order

BY LYNTON McLAIN

METRO-CAMMELL of Birmingham has won a £50m order to supply another 150 rail cars for Hong Kong's new rail system. The deal brings the total value of work placed with the company by the Hong Kong Mass Transit Railway Corporation to £125m.

Options for a further 70 rail cars have also been taken out by the corporation, for the seven mile second stage of the project. These could be worth another £25m to Metro-Cammell.

The company's first order for the system, for 140 rail cars, was placed three years ago. An option for a further 70 cars for the first 10 mile stage of the railway became a firm order last March.

The Birmingham company has also been invited to tender for the possible modernisation and extension of the Hong Kong section of the Kowloon to Canton railway.

This tender calls for the delivery of 135 rail cars in three-car units. The competition is expected to be even more intensive than for the Mass Transit Railway contracts. The trains may eventually be part of an improved rail system running through mainland China.

Last month British Rail's Transmark consultancy service won a £3m contract to supervise the electrification of the Hong Kong stretch of the Kowloon to Canton railway running from the Kowloon terminus at Hung Hom to the border with China at Lo Wu, 20 miles from Canton.

The Hong Kong Government also plans to replace the existing single track rail line with a double track. China is known to be working on similar plans for modernising and upgrading the capacity of the section of the line over the border.

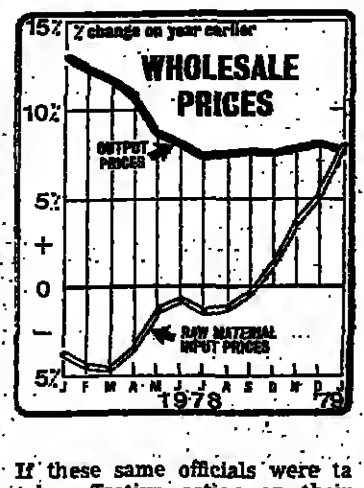
Metro-Cammell, part of the Laird Group, won its latest order for rail cars in the face of competing bids from a Japanese consortium led by Hitachi, Mitsubishi and Toshiba, from a West German team headed by Siemens, from the Australian Commonwealth Engineering consortium and from Hawker Siddeley Canada. A group of French engineering companies also tendered for the contract.

The Government's Export Credit Guarantee Department said last night that it had agreed to guarantee the contract.

THE LEX COLUMN

Warning bells in the markets

Index fell 6.6 to 460.7



The development of international bank lending conveys a message about economic imbalance in the world, and should not be attacked as the problem itself. This was the message of the Governor of the Bank of England to the Overseas Bankers yesterday. He spoke after a day in which many different warning bells had been ringing the same tune. The price of Gold shot up by $15 to $245, its rise accompanied by similar movement in the price of platinum and silver and other metals. The dollar weakened notably after a sustained period of strength, dropping back below Y200. Wall Street opened well down after a bad day on the London Stock Exchange.

It seems that the significance of developments in Iran, and in particular its significance for the future of oil supplies, is asserting itself in international markets. Unlike the last time gold reached this price, which was at the peak of the dollar crisis, the strength of the metal's price was more conspicuous yesterday than the weakness of any currency. It implied that investors were sure where to go but less sure where to come from: the dollar is no longer regarded as the only loser.

Both the Governor of the Bank of England and the managing director of the IMF yesterday stressed signs of a reversal in the main imbalance that has burdened the dollar. They looked to a substantial reduction in the U.S. current account deficit this year and a compensating cut in the surpluses of Germany and Japan. Their message was offset somewhat by a more bearish assessment of the situation from Morgan Guaranty Trust. The big U.S. bank spelt out the heavy official intervention which has kept the dollar buoyant since last November. It clearly remains sceptical that the measures so far taken to redress the imbalance between the U.S. and the strong currency countries are sufficient.

This new imbalance, replacing the OPEC imbalance of the early seventies, is what continues to provide the international banks with what the Governor described as a "major recycling role." His speech was clearly designed to rebuff the recent claims by West German and U.S. officials that the international banking market needs to be controlled to prevent it adding to the world's problems.

If these same officials were to take effective action on their deficits and surpluses the banking statistics would look after themselves.

Housing starts

Two announcements yesterday underlined the current dilemma facing the UK building industry. First, official figures confirmed that average house prices were growing at an annual rate of 27 per cent in the final quarter of last year. And, secondly, the President of the House-Builders Federation forecast that UK private housing starts are likely to fall from 150,000 in 1978 to around 130,000 this year — the lowest level for five years.

Higher house prices would be expected to coax out a higher supply of houses from the builders but this is clearly not happening. The main reason for this, according to the housebuilders, is the shortage of mortgage funds — they like to call it a "famine." The building societies lent £8.7bn in 1978, and if current trends continue, look like falling short of this in the current year.

As a result the number of mortgages for new houses could fall by up to 20,000 in 1979 and given their obvious problems in attracting fresh funds currently, the building societies make good whipping boys. However, if interest rates started to fall, the competitive position of the societies could improve dramatically in a very short period.

Meanwhile, although they would probably be the last to admit it, the house builders have been doing rather well over the last year. In 1978 housing costs rose by 10 per cent or so, while houses prices rose by close to 50 per cent in some areas, and the overall average was 27 per cent. This year will not be so good. Housing costs are accelerating and could rise by maybe 15 per cent. Even so the industry is also talking of an increase of about that order in house prices. Barratt Developments, one of the industry leaders, believes that prices could rise by 18 to 20 per cent. Consequently, against pre-tax profits of £7.4m in 1976-1977 Barratt could make £17m in 1978-79.

The outlook for 1979-80 is clouded by the current level of high interest rates and is far less certain. However, there is no sign as yet that housebuilders' margins will be squeezed to the same extent that they were in 1974-75. The industry seems to have learned its lesson and is starting to acclimatise itself to producing fewer houses at higher prices. The low level of building starts scheduled for 1979 will not all be the fault of the building societies.

Profit margins

As if it were not enough to have labour costs shooting up dramatically, raw material costs are threatening to match them. British industry's input costs rose faster than factory gate prices in January and have now overtaken them on a 12-month basis. If the present trends on the metal exchange and in the oil markets are anything to go by, there will be no slackening of the pace for some time to come.

Throw in higher interest rates for good measure and the threat to corporate profits is obvious. It seems inevitable, now that the cost of three-month interbank money is nearly 1½ points above clearing bank base rates, that the banks will have to move soon. Reluctance to put rates up just before their profits are published may restrain the clearers, but cannot be an overwhelming consideration.

It is not surprising that equities were weak yesterday, nor that long gilts should have lost yet another half point and still be groping for some sort of base level.

Weather

UK TODAY

DRY in most areas, wintry showers in W.

London, Midlands, E., N., Cent. S England, Borders, Glasgow, S.W. Scotland

Freezing fog patches slow to clear in places. Dry. Max. 4C (39F).

S.E. England, E. Anglia

Mainly dry. Max. 4C (39F).

S.W. England, S. Wales, Channel Isles

Occasional rain or sleet. Max. 6C (43F).

N. Wales, Isle of Man, N. Ireland

Perhaps rain or sleet later. Max 4C (39F).

E. Scotland, Cent. Highlands

Freezing fog patches slow to clear. Max 2C (36F).

N. Scotland, Scottish Islands

Some wintry showers. Max 3C (37F).

Outlook: Rain in most areas turning to snow in N.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	15	59	Lisbon	R	15	59
Algiers	S	22	72	Locarno	C	7	45
Amsdm.	C	-1	30	London	C	5	41
Athens	C	15	59	Luxmbg.	C	1	34
Bahrain	S	20	68	Madrid	C	14	57
Barclna.	S	20	68	Majorca	S	21	70
Belfast	C	3	37	Malaga	S	22	72
Belgrd.	C	13	55	Malta	F	16	61
Berlin	S	1	34	M'chstr	S	4	39
Biarritz	C	13	55	Melbne.	S	20	68
Bmghm.	F	3	37	Milan	R	6	43
Blackpl.	S	5	41	Mntreal.	C	-9	16
Bords.	C	13	55	Mscw.	Sn	-3	27
Boulgn.	F	3	37	Munich	C	6	43
Bristol	C	3	37	Nairobi	C	20	68
Brussels	F	2	36	Nwcstl.	S	3	37
Budpst.	R	2	36	N. York	S	-6	21
B. Aires	S	29	84	Nice	F	12	54
Cairo	S	23	73	Nicosia	F	18	64
Cardiff	C	3	37	Oporto	R	15	59
Cas'b'ca	F	20	68	Oslo	S	-10	14
Cape T.	S	25	77	Paris	C	3	37
Chicago	C	-21	-6	Perth	S	28	82
Cologne	F	4	39	Prague	Sn	-2	28
Cpnhgn.	C	-1	30	Reykjvk.	R	1	34
Corfu	S	15	59	Rhodes	C	16	61
Dublin	C	5	41	Rio J'o	R	24	75
Dbrvnk.	C	11	52	Rome	R	14	57
Ednbgh.	C	0	32	Salzbrg.	C	6	43
Faro	C	17	63	Singapr.	C	30	86
Florence	R	11	52	Stckhm.	C	5	41
Frankft.	Sl	2	36	Strasbg.	R	3	37
Funchal	F	18	64	Sydney	C	23	73
Geneva	R	7	45	Tangier	C	17	63
Gibrltr.	C	18	64	Tehran	S	6	43
Glasgow	C	1	34	Tel Aviv	S	18	64
G'nsey	C	6	43	Tenerife	S	23	73
Helsinki	S	-11	12	Tokyo	C	4	39
H. Kong	S	16	61	Toronto	S	-12	10
Innsbrk.	C	5	41	Tunis	C	20	68
Invrnss.	S	1	34	Valencia	F	23	73
I.o.Man	S	5	41	Venice	R	6	43
Istanbul	R	12	54	Vienna	C	3	37
Jersey	C	7	45	Warsaw	S	-2	28
Jo'burg	S	26	79	Zurich	R	5	41
L. Plms.	S	23	73				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

Higher fuel prices

year this index has increased by 8 per cent.

The full impact of higher commodity prices is shown by the 21 per cent rise last month in the cost of materials bought by manufacturing industries outside the food, drink and tobacco sector. Even with crude oil excluded, this index rose by 1½ per cent last month with higher prices for wood pulp, hides and skins mainly responsible. The rise would have been even larger but for the relative stability of sterling.

The reversal of the previously favourable raw material price trend has come at the worst possible time for industry in view of current wage pressures and an increase of more than 13 per cent in unit labour costs in the last year.

So far industry seems to have been absorbing part of the higher costs at the expense of lower profit margins, since there are no signs of any significant acceleration in output prices.

The output/factory gate price index rose by less than 1 per cent in January to 159.8 (1975 = 100). This is a larger rise than in recent months but some of it can be attributed to the annual bunching of price increases at the beginning of the year. Indeed this is the smallest January rise since 1973.

This index has risen by 3.9 per cent over the last six months, only a slightly higher rate than during the autumn. In the 12 months to January, output prices rose by 7½ per cent, compared with 8½ per cent the previous month.

WHOLESALE PRICES (1975 = 100)

		Raw Materials	Output (home sales)
1978	1st	140.2	149.2
	2nd	146.3	151.8
	3rd	144.9	154.8
	4th	147.1*	157.3*
	Sept.	144.8	155.7
	Oct.	145.7	156.6
	Nov.	147.3	157.1
	Dec.	148.2*	158.3*
1979	Jan.	150.6*	159.8*

* provisional
Source: Department of Industry

Continued from Page 1

Dunlop aid snags

Sir Campbell Fraser, Dunlop's chairman, is chairman of the Confederation of British Industry's recently-formed industrial policy committee which is critical of both the NEB and many State aid schemes.

Then the Industry Department's advisory board was asked to give a preliminary view on the £23m application and advised against it.

This compounded the political problems for the Government. The Industry Department is thought to want to help Dunlop if satisfactory terms can be agreed. It would, however, be difficult for the Government to sanction aid against the advice of the advisory board, especially while there is a political row brewing over the Speke redundancies.

However, the advisory board has not yet been asked for a formal view and efforts are now being made to design a package that it would back. While this exercise continues, ideas of NEB involvement have been shelved.

Britain defends fish conservation measure

BY RICHARD MOONEY

THE UK Government has decided it would rather lock horns with the EEC Commission at the European Court of Justice than abandon, without a fight, the fisheries conservation measures it imposed unilaterally last year.

In its reply to an ultimatum issued by the Commission last month, Britain yesterday rejected accusations that the measures were either discriminatory or unnecessary.

The Commission demanded that British bans on herring fishing in the Mourne area off the Irish east coast and around the Isle of Man (except for certain UK vessels) should be repealed. It also objected to a unilateral extension of the Norway Pout Box—an area of the North Sea within which industrial (fishmeal) fishing is banned.

If these demands were not met, the Commission warned, proceedings would be opened in the European Court.

It is not certain whether the British rejection of the EEC ultimatum will result in court action. Talks between the fisheries ministers of the main Common Market fishing nations are still continuing and the Fisheries Council is scheduled to meet in Brussels later this month.

It is still possible, therefore, that a negotiated settlement could pre-empt legal proceedings.

In its reply, Britain said it did not consider that any of the conservation measures it had taken were contrary to Community law.

Under the terms of an EEC agreement reached in the Hague in 1976, an EEC member can introduce national measures in the absence of a Community regime, but only if they are demonstrably urgent, necessary and non-discriminatory.

The UK response accuses the Commission of inconsistency and contradiction in its arguments against the British measures. It also charges that the Commission has not taken account of Britain's supporting arguments.

The response queries, in particular, a claim by the Commission that member states are technically prevented by Community law from including transitional provisions aimed at minimising local hardship when introducing conservation measures. Such provisions have been included in some of the Commission's own measures.

In its rejection of the Commission's call for the cancellation of the extension of the pout box the Government is understood to have claimed that this demand ignores the "latest and most up-to-date scientific advice" which the Commission had previously regarded as a pre-requisite to the introduction of any conservation measure.

German farm incomes up
Page 2

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